



# ***Daily Report***

## **East Asia**

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5 October 1995

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# Daily Report

## East Asia

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## Japan

### Further Reports on U.S. Bases Issue on Okinawa

#### Tokyo Wants Written Pact Changes

OW0410142295 Tokyo KYODO in English  
1405 GMT 4 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 4 KYODO — The government has decided to settle a dispute over jurisdiction over U.S. military personnel accused of crimes in Japan through an exchange of new documents enabling the early handing over of the accused to Japanese authorities, government sources said Wednesday [4 October].

The sources said the new documents would use as their inspiration an agreement Germany has with the North Atlantic Treaty Organization (NATO).

But the documents could take the form of a memorandum of understanding because of difficulties the United States is having over the proposal on account of its relations with South Korea, the sources said.

Foreign Ministry sources said the government wants an agreement in the form of official documents because it does not favor alterations based on a verbal understanding.

The sources said the proposal for an exchange of new documents has surfaced following the creation last month of an expert-level panel to discuss possible improvements in the implementation of criminal jurisdiction procedures within the framework of the current Status of Forces Agreement.

The agreement details the terms for the U.S. forces' presence in Japan.

The panel was set up in the wake of the public outcry over the alleged rape by three U.S. servicemen of a schoolgirl in Okinawa.

At issue is a section of the agreement which allows U.S. military authorities to hold suspects until Japanese prosecutors formally indict them.

The government will propose to the panel that the agreement be altered to allow suspects to be handed over to Japanese authorities before their indictment.

Under an agreement covering the status of NATO forces, if a similar rape case occurs in Germany, the country stationing its forces in Germany must hold the accused until there is a court ruling.

But under a separate agreement between Germany and NATO, the accused can be handed over to German

authorities at an early stage if the country concerned agrees.

#### Nosaka Not 'Informed' of Burn's Remarks

OW0410125295 Tokyo ASAHI SHIMBUN NEWS  
CONFERENCE REPORT in Japanese  
1003 GMT 4 Oct 95

[News conference by Chief Cabinet Secretary Koken Nosaka with unidentified reporters at the Prime Minister's Official Residence at 0714-0727 GMT on 4 October]

[FBIS Translated Excerpts] [Passage omitted] [Reporter] Mr. Secretary, in connection with this [issue of scaling down U.S. military bases], U.S. (State Department) spokesman Nicholas Burns has clearly stated in reference to a meeting between U.S. Ambassador to Japan Walter Mondale and Foreign Minister Yohei Kono that the United States would make efforts to consolidate (military bases) but that there would be no scaling down. I would like to ask you what you think about Burns' comments and whether the Okinawan people's emotions would subside without a scaling down of military bases.

[Nosaka] Well, Assistant Secretary of Defense Joseph Nye is also a member of the Japan-U.S. Joint Committee. Therefore, it has been stated as his opinion....[ellipses as received]

[Reporter] I was talking about spokesman Burns.

[Nosaka] What?

[Reporter] Spokesman Burns has made the remarks in a news conference.

[Nosaka] The U.S. Presidential spokesman? I have not been fully informed on that report. It has not been passed on to me yet, so I cannot make any comments on such matters at the moment. [passage omitted]

#### Groups Protest U.S. Forces Presence

OW0410134795 Tokyo KYODO in English  
1328 GMT 4 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 4 KYODO — Citizens' groups from Tokyo and neighboring prefectures held a rally in a central Tokyo park Wednesday [4 October] evening to protest the alleged rape by three U.S. servicemen of an Okinawan schoolgirl last month.

The rally, exactly a month after the alleged Sept. 4 rape, was organized by a working committee preparing for a national day of action Oct. 21 to call for the scrapping of the United States-Japan Security Treaty under which U.S. forces are stationed in Japan.



About 75 percent of U.S. military facilities in Japan are concentrated in Okinawa Prefecture.

Organizers said about 4,000 people participated in the rally, including teachers' union members and members of women's organizations.

The rally adopted a resolution calling for the revision of the Status of Forces Agreement which sets out the terms for the presence of U.S. forces in Japan and allows U.S. military authorities to hold suspects until Japanese prosecutors formally indict them.

The resolution said the agreement infringes on the jurisdiction of the courts and investigators.

Also Wednesday, some 30 citizens' groups held protest rallies outside the Foreign Ministry and the U.S. Embassy in central Tokyo.

About 60 people stood in front of the ministry to hear speeches from the leaders of each of the groups opposing the security treaty.

#### **Ota Refuses To Lease U.S. Bases**

*OW0510105695 Tokyo KYODO in English  
1021 GMT 5 Oct 95*

[FBIS Transcribed Text, Tokyo, Oct. 5 KYODO — The head of the Defense Facilities Administration Agency failed Thursday [5 October] to persuade the vice governor of Okinawa Prefecture to cooperate with the central government in forcing land owned by dissident Okinawan landowners to be used by U.S. forces.

Vice Gov. Masanori Yoshimoto told Noboru Hoshuyama, chief of the agency, that the prefectural government is ready to face a lawsuit from Tokyo over its refusal to sign documents necessary for continuing the forced rental of some land plots inside the U.S. bases in Okinawa, southwestern Japan, officials said.

Yoshimoto, who visited the agency to explain why Gov. Masahide Ota refused to sign the documents, was quoted as saying that behind the governor's decision were "50 years of suffering since the end of the war (inflicted on Okinawans) from the bases."

"This time, we have decided to question the government on the essence of the base problem," he said, and called for the withdrawal of the U.S. bases from the islands, the officials said.

Hoshuyama said the government is "doing its utmost to reduce the number of U.S. bases," and that the governor should separate his political stance from his duties, they said.

Hoshuyama also proposed direct negotiations between the governor and himself on the issue.

In a related development, a senior Defense Agency official said it would be impossible to shut down all U.S. bases in Okinawa.

The U.S. bases are stationed in various parts of Japan under the Bilateral Security Treaty, agency Vice Minister Naoaki Murata told a press conference.

However, he also said the government will make further efforts to reduce U.S. bases in Okinawa by transferring some of the facilities to other parts of the nation.

There are nearly 30,000 U.S. troops on the islands, where about 75 percent of U.S. military facilities in Japan are located.

Ota last week announced his decision not to cooperate with the government over the forced use of land amid a public outcry over the U.S. military presence in Okinawa in the wake of the alleged rape of a local schoolgirl by three U.S. servicemen.

#### **Early Hand-Over of Suspects Urged**

*OW0510112495 Tokyo KYODO in English  
1058 GMT 5 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 5 KYODO — Japanese officials urged the United States Thursday [5 October] to facilitate early handing over to Japanese authorities of U.S. military personnel suspected of having committed crimes in Japan, even before formal indictment, according to a Foreign Ministry spokesman.

The Japanese officials made the call in the second expert-level panel meeting to review criminal jurisdiction procedures under the Status of Forces Agreement, which gives special status to U.S. military personnel stationed in Japan.

The spokesman refused to elaborate on the contents of the meeting, held at a U.S. military hotel in Tokyo, but said the Japanese officials tabled their opinions on possible improvements in the criminal jurisdiction procedures under the status accord.

The points the Japanese side referred to were "transfer of detention," "cooperation in investigations" into U.S. military suspects and "U.S. handling of suspects detained by the U.S. military authorities," the official said.

In the past, there have been cases of U.S. military personnel detained by U.S. military authorities in Japan subsequently "escaping" to the U.S. mainland.



The U.S. side explained in detail specific measures they have taken to enforce discipline among military personnel and to prevent the recurrence of crimes.

The spokesman said the Japanese and U.S. officials reconfirmed at the meeting that they should seek to reach a tentative conclusion, if not a final one, at the expert talks as early as possible.

In the next session, scheduled for later next week, the U.S. side is expected to present their views on the Japanese request, the spokesman said.

The panel was set up last month under the Japan-U.S. joint committee following a mounting public outcry over the rape of a schoolgirl in Okinawa, allegedly by three U.S. servicemen.

The Status of Forces Agreement, which allows U.S. military authorities to hold suspects until Japanese prosecutors formally indict them, came under fire in Japan after the U.S. initially refused to turn over to Japanese authorities the three U.S. military personnel who allegedly abducted and raped the girl.

The Japanese and U.S. Governments have already agreed not to seek a revision of the status agreement itself but to study if any improvements can be made within the current framework.

Government sources said Wednesday that Japan will seek an exchange of new documents to enable the early turning over of accused U.S. military personnel to Japanese authorities, using as their inspiration an agreement Germany has with the North Atlantic Treaty Organization (NATO).

Thursday's meeting was attended by Japanese officials from the Foreign Ministry, Justice Ministry, National Police Agency, Maritime Safety Agency and Defense Facilities Administration Agency.

Toshiyuki Takano, the Foreign Ministry's counselor at its North American Affairs Bureau, headed the Japanese team.

The U.S. delegation, led by Col. George Newman, deputy chief of staff of the U.S. military forces in Japan, consisted of officials from the U.S. Embassy and U.S. military forces in Japan.

#### **Marines Observe 'Day of Reflection'**

OW0510051095 Naha NHK Television in Japanese  
0315 GMT 5 Oct 95

[Announcer-read report; from the "NHK News" program]

[FBIS Translated Text] The U.S. Marine Corps [USMC] on Okinawa observes its second "day of reflection"

today after doing the same yesterday. Almost all of the Marine units suspended exercises and held meetings.

At the USMC Futenma Air Station, where there was more noise than usual on the first "day of reflection" yesterday, the situation is quite different today. Only a few helicopters could be observed taking off from outside the air station. Soldiers could be seen entering gymnasium-like buildings, where, according to the USMC Public Affairs Office, discussions are being held to make the soldiers think about their duties to the local communities.

Residents nearby, who have always suffered from noise coming from the bases, said that exercises were held yesterday and the noise was terrible. They do not really know what the soldiers were doing on the "day of reflection." They remain skeptical to the idea of "day of reflection."

[Begin recording of an unidentified housewife] My feeling is that there were more aircraft flying [yesterday] than usual. [end recording]

[Begin recording of an unidentified youngman] It is better than doing nothing at all. However, although we do not dislike the Americans, everybody is upset by the fact that soldiers who have committed crimes cannot be turned over to the police. [end recording]

Meanwhile, at Camp Foster in Kitanakagusuku village, 1,000 soldiers gathered for a meeting at a gymnasium. Okinawa Area Coordinator Major General Wayne Rollings went around inspecting meetings held on the "day of reflection."

According to the USMC Public Affairs Office, meetings are being held today at 29 facilities on seven bases all over Okinawa, and most USMC units are suspending their training activities.

#### **Editorial Wants U.S. Military Bases Returned**

OW0410120195 Naha RYUKYU SHIMPO  
in Japanese 4 Oct 95 Morning Edition p 5

[Editorial: "Show Results in the Return of Bases — We Are Tired of Sweet Talk"]

[FBIS Translated Text] It was only after Governor Masahide Ota refused to undertake the administrative procedure of proxy signing of documents for forced use of land for U.S. military facilities did the Governments of Japan and the United States start to take frantic steps.

On the morning of 3 October, Foreign Minister Yohei Kono invited U.S. Ambassador to Japan Walter Mondale to a meeting. They reportedly reconfirmed that: 1) the experts' committee on improving the enforcement



of the Japan-U.S. Status of Forces Agreement [SOFA] should reach a conclusion as soon as possible, and 2) efforts should be made to promote the reorganization and integration of U.S. military facilities on Okinawa, including efforts to solve the problem of the relocation of the Naha Military Port and the two other pending issues.

However, improvements in SOFA enforcement do not constitute a basic issue for resolving the problem of U.S. bases on Okinawa, and even the reorganization and integration of bases, referring mainly to the three pending issues, has been discussed before — it is nothing really new.

Senior government officials have told us on various occasions that they would "consider" this problem or "promote" some other measures. We cannot help feeling "not again!" on the current issue.

The reason is the Okinawa people have been kept waiting for 20-30 years with these words. What we want is not such empty words. We want to see more actual results in the return of the bases to the Okinawan people.

The people of Okinawa are not so stupid to be deceived by improvised sweet talk made only to avert the immediate disaster of not being able to provide the United States with the bases because Governor Ota refused to undertake proxy signing of land documents. What we need to do now is show by our action that even little people have guts.

#### **Okinawan Patience Has Been Worn Out**

The current problem started with the sad incident of the rape of a schoolgirl by U.S. servicemen on 4 September. When the incident was first reported, the government did not pay any attention to it. Even when the SOFA revision question started to be raised, the government's position was that there is nothing wrong with the existing agreement.

Faced with such a pathetic reaction from the government, we Okinawans thought: Is this what a sovereign state is supposed to be? However, after the repercussions of this issue reached the United States, and senior U.S. Government officials started to take an active interest in the problem, the government hastily began to proclaim it would "look into the problem" and "promote" a solution. Such cowardly reaction cannot but be seen as farcical by the Okinawans.

Okinawa has been offered various alluring baits by the Tokyo government. The government has mentioned the complete return of Futenma Air Station, subsidies from the national treasury for the relocation of bases, promoting the frontloading of the return of eight U.S.

facilities, and so forth. It has offered such a variety of promises, including ones that are, obviously, mere casual ideas.

Listening to such incoherent statements by the cabinet ministers and bureaucrats, it has become increasingly difficult to understand the government's true thinking. The government's approach of offering as much enticing bait as possible in the hope of making a catch somehow is just too obvious to the Okinawa people.

Governor Ota's refusing to undertake the proxy signing procedure is the aggregate expression of the Okinawans' discontent and distrust of the government over the years. It is not merely a reaction to the recent rape incident.

To cite the return of the Naha Military Port as an example, 23 long years have passed since an agreement was reached between Japan and the United States but the return is still to be implemented. The absence of a relocation site has been cited as the reason for the delay. Now that the government says it will "promote" the return, what does it plan to do? We do not see any concrete solution.

Even in the case of the live shelling exercises across Prefectural Highway 104, relocating only the exercises to Self-Defense Forces facilities on the Japanese mainland but retaining the U.S. base will not be a final solution.

#### **Work for an Agreement During the Japan-U.S. Summit Talks**

As the government fumbles in coming up with timely solutions, a clamor for reviewing the SOFA and the Japan-U.S. Security Treaty is spreading like a prairie fire all over the country. Local legislatures have passed resolutions calling for improvements in SOFA. It is noteworthy that the "anti-security pact" movement, which used to be spearheaded by the labor unions, has now spread to civic and women's groups.

Why? The government must not be mistaken about this. What Okinawa has thrust before the government is the question of a settlement of accounts 50 years after the end of World War II. Needless to say, the U.S. bases on Okinawa are a product of the post-war Cold War structure. Five years ago, when that Cold War structure crumbled, we asserted that Okinawa should also enjoy the benefits of this momentous event in world history. We called for at least partial liquidation of the postwar structure by the 50th anniversary of the end of the war.

However, events in the past five years have betrayed our hopes. As the 50th year after the end of the war is about to end, the issue of bases on Okinawa is being



neglected, and there is even a danger of these bases becoming a permanent fixture in the prefecture.

The plan to reconfirm the importance of the bilateral security pact during U.S. President Bill Clinton's visit to Japan in November, termed "a reassessment of the security treaty," is nothing but a move to permanently entrench the bases in Okinawa.

The government will probably state in the joint statement to be issued after the summit that "the bases are not to stay permanently." We will regard this again as empty words. We want a clear commitment to the Okinawan and Japanese people to return the bases on Okinawa at the summit between the Japanese and U.S. leaders.

A clear commitment to come up with results in returning the bases will be the only way to meet the Okinawan people's expectations. We have reached the limit of our patience.

#### **Efforts Urged To Win People's Grasp of Security**

*OW0410125995 Tokyo YOMIURI SHIMBUN  
in Japanese 29 Sep 95 Morning Edition p 3*

[Editorial: "Efforts Are To Be Made To Win Understanding for Reaffirmation of Security Arrangements"]

[FBIS Translated Text] Japan and the United States agreed to further maintain and strengthen Japan-U.S. security arrangements at the Security Consultative Committee meeting ("two-plus-two" meeting) in New York. A new agreement was signed on special measures concerning the expenses of U.S. Forces in Japan [USFJ].

Since the end of the Cold War, an argument favoring dissolution of the Japan-U.S. Security Treaty has come to the fore in the United States on such grounds as its being one-sided. The rape of a schoolgirl by U.S. servicemen was reported in Okinawa Prefecture in early September, and the incident has aroused the demand to revive the Status of Forces Agreement [SOFA]. In this connection, it is feared that the incident could fuel the "contention favoring abolition of the Security Treaty" still maintained in some quarters.

Therefore, it is of no little significance that, at this juncture, the four Japanese and U.S. foreign and defense ministers reaffirmed that "the Japan-U.S. alliance is a critical factor for maintaining peace and stability in the Asia-Pacific region even following the end to the Cold War." From our standpoint of supporting the argument for maintaining the Japan-U.S. security arrangements, we appraise this reaffirmation.

The top leaders of our two countries will meet in Tokyo in November and issue a joint statement on "reaffirming" the significance of the Japan-U.S. security

arrangements. It is hoped that, on the basis of the results of recent consultations, the two countries will quickly hold final coordination on the details of the joint statement to enable our two countries to strengthen our bilateral relations and promote regional stability in greeting the 21st century.

The Okinawa rape case was also brought up at the recent consultations. With regard to the point at issue — the SOFA agreement — it was agreed that for the time being, efforts will be made to deal with the issue not by revising the agreement but by improving the way it is implemented.

Because of the recent incident, the demand for reviewing the agreement has become conspicuous in various localities — both in Okinawa and particularly those prefectures where U.S. military bases are located. Naturally, the agreement should be revised if there are points that are out of keeping with the times or there are defects in it.

However, since the agreement has many important points that are closely connected with the Security Treaty, it will be necessary to have mutual consent to actually revise the agreement. It will be desirable for those concerned to spend a considerable amount of time on reviewing the agreement with serenity. In this respect, "improvement in the implementation method" should be taken as a practical measure for the time being.

Nevertheless, the incident should never be underrated. In maintaining the bilateral security arrangements, distrust among the people is more dangerous than a conflict between governments. Both governments pay serious attention to the fact that indignation aroused by the incident is spreading.

In particular, both the U.S. Government and Military should work out thoroughgoing measures to prevent a recurrence of incidents so that residents living near military bases will not feel uneasy. It is demanded that flexible measures be taken to deal with the request of handing over rape suspects.

Under the new agreement on special measures just signed, the expenditures for the USFJ to be shared by the Japanese Government will be increased to approximately 3 billion yen a year. The number of personnel working on U.S. military bases but who are paid by the Japanese Government will be increased by about 400.

Despite the serious financial difficulties, the Japanese Government has signed the new agreement because of its judgment that sharing of costs will be indispensable



to smooth operations of the security arrangements. However, some Japanese have doubts about the propriety of shouldering such a financial burden.

On this occasion, the Japanese Government should be more willing to explain to the public and win their understanding of not only the significance of reaffirming the Japan-U.S. Security Treaty but also of measures taken to deal with the Okinawa incident, and need of increasing Japan's share of costs for the USFJ.

It should never be forgotten that security arrangements can work well only with the people's trust and support.

#### **'Sources' on Perry's Early Visit to Tokyo**

*OW0510004395 Tokyo KYODO in English  
0021 GMT 5 Oct 95*

[FBIS Transcribed Text] Washington, Oct. 4 KYODO — Japan and the United States are considering an early visit to Tokyo by U.S. Secretary of Defense William Perry to quell public outcry over the rape of a schoolgirl in Okinawa allegedly by three U.S. servicemen, informed sources said Wednesday [4 October].

The two nations have already started arranging schedules for the visit to pave the way at an early stage for a summit meeting between U.S. President Bill Clinton and Japanese Prime Minister Tomiichi Murayama in Tokyo in November, the sources close to U.S.-Japan relations said.

Perry is scheduled to visit South Korea late this month for a regular security dialogue, and he is expected to stop by Tokyo before or after that.

The sources said Tokyo and Washington have been arranging for a visit by Assistant Secretary of Defense Joseph Nye, who is to accompany Perry to South Korea, to discuss details of a joint statement and other security issues for the November summit.

The move reflects increased difficulties between the two governments amid escalating public calls for reviewing a bilateral accord on the status of U.S. military personnel in Japan and for reducing U.S. troops.

The public outcry was triggered by the rape incident in early September in the southwesternmost island prefecture of Okinawa.

#### **LDP: Separate Special Pact From Okinawa Issues**

*OW0510095995 Tokyo NHK General Television  
Network in Japanese 0307 GMT 5 Oct 95*

[Announcer-read report; from "NHK News" program]

[FBIS Translated Text] The Liberal Democratic Party's [LDP] National Defense Division held a meeting this

morning and agreed that the special agreement on increasing Japan's share of the expense of stationing U.S. forces in Japan should be treated separately from Okinawa base issues and that utmost efforts should be made to renew the special agreement in the current Diet session.

At the panel meeting, Yoshinori Ono, chairman of the National Defense Division, reported that on a recent visit to Okinawa he met with local U.S. military authorities and directly conveyed Japan's acknowledgment of the seriousness of the current situation, citing, among other developments, increasing criticism by the Japanese public of U.S. bases since the alleged rape of a young Okinawan schoolgirl by U.S. servicemen.

Panel members noted moves in certain quarters of the Social Democratic Party of Japan to connect the Okinawa rape incident with the recent special agreement on sharing U.S. forces' expenses, even though the agreement has important effects on Japan's national security. The panel agreed that the LDP should therefore do its best to get the special agreement approved in the current Diet session, separating the agreement from Okinawa base issues.

#### **Panelists Compare Business Techniques With U.S.**

*952A0769A Tokyo EKONOMISUTO in Japanese  
22 Aug 95 pp 66-70*

[Discussion between Shintaro Ishihara, author, and Hayao Nakayama, president of Sega Enterprises, date, place not given]

[FBIS Translated Text]

#### **Dynamic United States**

[Question] Could we start with Nakayama's perception of the United States based on his business experience with that country?

[Nakayama] Before the bubble economy collapsed when Japan was growing rapidly in the area of manufacturing, I thought of U.S. society and its economic strength in terms of "They don't amount to much. Japan is superior to them." However, recently, I have begun to think that the United States is one step ahead of Japan.

I have come to that conclusion because Americans are able to conceptualize new ideas based on education which stresses the freedom of individuals. Japan in a sense still clings to the approach of "working amicably as a team." Such an approach was feasible in times of growth, but when uncontrolled competition assumes a global scale, it is not sustainable. We have transitioned from the hardware to software ages, especially a new



age based on computers where Japan finds itself sorely lagging. I feel that a radical change in the educational system is required for Japan to play catch-up. This is why I say: "Those who fail to become conversant with the computer will be unable to survive in the 21st century."

[Ishihara] I believe Nakayama has presented an accurate portrayal of the situation. Succinctly stated, Japan does not enjoy the dynamism that prevails in U.S. society as a whole. Japan functioned very efficiently as long as it was playing catch-up with the United States. However, Japan can hardly compete effectively with a country like the United States by managing its affairs as a society and a nation by relying solely on past systems in this age when the world has become miniaturized in terms of time and space. It is truly a case where we must begin by reforming our educational system.

Put simply, without changes, Japanese society will fail to produce human resources with brilliant minds. Basically, politicians are to blame, but we frequently speak of bureaucratic dominance. So-called bureaucrats represent a limited human resource and political systems wherein bureaucrats render all decisions are very similar to the Chinese, *keju*, [personnel testing, ranking, utilization] system. In other words, a strong unspoken understanding persists in Japan which guarantees a high social standing as long as one unreservedly discharges his duties within the parameters of officially sanctioned authority. Such a society precludes individuals from taking the initiative in creating a new civilization. Japan should recognize and learn from U.S. dynamism.

[Question] Ishihara has authored a book titled, *A Japan Which Can Say No*

[Ishihara] The situation has changed considerably from the time I wrote that book. Interdependence has become a strong element of the global economy. Notwithstanding, we have assumed a do-nothing stance on the strong yen. In fact, the Bank of Japan and the Ministry of Finance fear that they will lose control over the yen if it becomes a genuine international currency. Even the business world has lost its self-respect. As an example, Japan has no intention of conceptualizing national strategy or tactics calling for expanded use of yen-denominated settlements for trade conducted in Southeast Asia, which has strong potential as an economic sphere, by taking advantage of such institutions as the East Asian Economic Conference (EAEC), while Japanese bureaucrats tend to obstruct such moves.

Additional comments I could make would include the fact that Japanese bureaucrats seem to dislike the idea of Japan becoming a strong and major country. If one were to consider the potential possessed by Japan,

there are many things that Japan could accomplish in coordination with the United States, but bureaucrats make no attempt to take such initiatives.

No matter what we say, the United States outshines Japan over ten-fold in the development of advanced technology. However, corporate management in the United States involves both the good and the bad, and some companies are unable to utilize their advanced technology in manufacturing a finished product. In such instances, Japanese companies can contract to provide such manufacturing services. On the other hand, there are some U.S.-manufactured end products which would not be feasible without the provision of a considerable variety of "human-fabrication resources" from Japan. When one considers such mutual relationships, I believe there is the potential for Japan-U.S. relations to become more productive if handled in a more cool-headed approach.

In any event, we face limitations as long as current Japanese systems remain unchanged. Put another way, we will fail as long as value concepts concerning the basic rules of managing society remain in their past formats. In the past, we emphasized equality in terms of results. In the future, we must convert to principles which guarantee that priority is given to equal opportunity; otherwise, we will fail to create social dynamism.

It is said, "Japan is expert at mimicry, but lacks creativity," but this is entirely wrong. Improvements in Japanese cultural society in the Edo era were unparalleled in global history. Susan Hanley, a Cornell University sociologist, has written a book titled, *Legacies of the Edo Era*. The impact of the Edo era was not limited to Tokyo and contributed significantly to the development of Osaka. However, an industrial revolution did not take place in Japan, and it was merely a case where the industrialization of Japan was initiated by copying technology available in Europe and the United States. I in no way feel that the Japanese populace is completely lacking in brilliant minds and that they lack creativity.

#### Popular Games Made in Japan

[Nakayama] That Japan lacks creativity is a fixed idea, while games were made in Japan and now dominate world markets. If one were to say Japanese are good at making game software, but inept at making all other software, he would be wrong. It is merely a case where games represented a new industry and it was the Japanese that capitalized on the technology in its infancy.

The first television games were created by an American named Nolan Bushnell. Atari converted the concept into



a product, but there was no one available to handle the manufacturing. This is when Japan became the manufacturer. Even in the case of commercial amusement machines, no firm was available to handle the manufacturing phase when Bally's ran into financial trouble. That was when our firm took over the manufacturing and developed the industry into a global scale. The entertainment and game software sectors are true examples of the software industry, where something is created from nothing. If Japanese did not possess creative skills, they would have been unable to develop the industry into a global scale. Japanese possess the capability to respond to any type of situation. It is simply a case where they are not endowed with an environment which allows for the exercise of such responsive capabilities.

Then, there is the shortage of corporate effort to nurture industries of the nature under discussion. For instance, as a means of achieving the universal use of personal computers (PC), Apple Computer in the United States donated PCs to all elementary schools. Even Intel and Microsoft are exerting efforts peculiar to their firms as a means of nurturing their own industry sectors. However, Japanese PC makers have failed to make such ground-level efforts. This is why the spread of PC use in Japan has lagged significantly.

#### **Conservative Japanese Government**

[Ishihara] It would seem that PCs are something that Japanese would adapt to with great enthusiasm.

[Nakayama] One reason why more widespread use of computers has lagged is the failure of the government itself to recognize the importance of PCs. Additionally, Japanese are not very adept in the use of keyboards. However, if necessary, either the government or blue-chip firms should take the initiative in promoting the use of PC's. Beginning next year, my firm is going to install a policy which makes for the ability to use a PC a prerequisite for employment.

[Ishihara] Your statement aptly describes the lack of governmental awareness concerning PC's. I think such lack of awareness was based on a bureaucratic rule which states: "Keep the public uninformed and dependent on government." There is a kind of arrogance on the part of government which says that the likes of PC's are items that are restricted to the elite. They assume a very conservative stance. There is a need to change such attitudes.

[Question] What differences exist between Japanese and U.S. Government administration?

[Ishihara] When it comes to politics, U.S. politics are both better and worse than that of Japan. For example, when a company which is capable of making only poor-

quality products which are unable to compete with Japan from a quality standpoint complains in support of a Buy-American theme, the U.S. Government is easily moved to taking retaliatory measures against Japan. On the other hand, the U.S. Government is quick to alter its position. Japan is very slow at making changes even when it is wrong, but the United States is flexible in that respect.

Also, the United States is very candid, but is also straightforward in expressing hysterics. In that sense, they must be approached with some trepidation. As an example, they are extremely averse to addressing the racial issue. Basically, it was the United States among advanced industrialized nations to maintain a slavery system not too many years back. Moreover, civil rights did not exist until the Kennedy era. Americans probably have no way of explaining that situation. I believe liquor is one of the symbols of culture, but it takes a country like the United States to engage in such a hilarious venture as to enact prohibition laws which outlawed the use of liquor. However, Europe does not necessarily handle issues of that nature with level-headedness, and although they persist in keeping such issues under cover, they no doubt exist. In that respect, the United States is much more above-board in its approach.

[Nakayama] I tend to agree with you

U.S. society is definitely straightforward in its approach. For example, when the sale of MCA to a Japanese firm at a high price was released in the newspapers, the president of MCA could not appear in public without a special security detail. If guards are not posted, there is the risk that he would be exposed to the risk of being kidnapped. We need not make reference to (Hideo) Nomo, but the United States is a place where you can realize the American Dream as long you have the ability. However, it is a country where fame brings with it a tremendous amount of risk.

#### **Neglected Educational System**

[Ishihara] Then, there is the issue concerning education in the United States. The U.S. education system is of very poor quality and is excessively uneven in quality levels. President Bush once said: "The most critical issue in the United States is the rehabilitation of its educational system." However, he failed to take any action.

[Nakayama] In such a sense, education, both in Japan and the United States, serves as the foundation of society, but there is a surprising neglect of educational systems which seek to correct social deficiencies. There is a tendency to neglect domestic issues, while being profligate with Official Development Aid (ODA).



[Ishihara] That situation exists despite the fact that recession has created a shortage of resources available for disbursement for domestic purposes. Japanese tend to be soft-headed under such situations and unconsciously become partners in U.S. world strategy, while taking the lead after the Iran-Iraq War in pouring money into Iraq. Of the ODA money gathered by Iraq throughout the world, 65 percent came from Japan. In the end, Husayn used such money to buy SCUD missiles and start a war. During the Gulf War, Japan again paid a high price. Also, President Bush at that time pretended he had no knowledge of such contributions and said: "Japan is no friend because it failed to send troops." Former (then) Prime Minister Kaifu flew to Washington to apologize, creating an absurd situation.

If one were asked if Japan's domestic issues such as social infrastructure, educational systems, and other matters are being handled adequately to justify the conduct of ODA programs on such a grand scale, we would have to say the answer is a miserable "No." We are engaged in mere official vanity.

[Nakayama] Japan is a place where candid expressions can lead to a situation where logic is no longer accepted as logic. Ultimately, it becomes a situation in which it is better to say nothing. It becomes a situation where you can say nothing. It becomes a situation in which everyone just nods and the issues are relegated to oblivion. I heard once that if one expresses an opposing view at a parliamentary committee hearing, he will no longer receive invitations to testify. The importance of a committee should lie in the gathering of individuals with opposing views and the conduct of active debate, but the situation in Japan is diametrically in contrast to such parliamentary principles.

[Question] The other day, Japan-U.S. automotive and aviation negotiations reached a settlement. During the automotive talks, Japan supposedly said "No" to the United States. How does Ishihara view that situation?

[Ishihara] If Japan had appealed to the World Trade Organization (WTO), the United States would certainly have been overruled. I believe the United States arrived at its decision to avoid such a situation. I do not know whether Japan's position was "No," but I feel Japan was not wrong in taking the position that, "We will appeal to the WTO."

Negotiations of that nature can be considered as having been successful as long as both sides declare victory. It was a case where Japan did not assert "No" in a very strong tone, and I believe it engaged in delicate negotiations. However, when it comes to the aviation negotiations, the outcome was totally illogical. The current Japan-U.S. Aviation Agreement remains unchanged

since it was formulated when the United States had won the war and Japan was under occupational rule. Even the United States is aware of that fact. In the case of the United States, it is not the politicians, but the bureau and division chiefs who demand entry by certain freight airliners, but one must realize that the fundamental arrangement found in the agreement is highly distorted before he examines the issue of whether or not Japanese markets are open.

U.S. Trade Representative Kantor likes to bluff his way through negotiations. That makes him a very poor negotiator, but bluffing is one negotiating technique and I believe is a necessary tool in international politics. Japan must engage in negotiations mindful of that fact. However, Japanese are conscientious in an odd way and are ignorant of such facts. They are inept.

[Nakayama] I too involve myself in a variety of negotiations in connection with my occupation, but I must admit that Americans are very tough negotiators both at the private-sector and government levels. In that sense, I would say that Japanese are too docile.

### **Proliferation of Regulations**

Although often mentioned, Japan needs to deregulate itself. There are many regulations which are meaningless and are of no advantage to Japanese industry when viewed from an overall perspective. If I were to cite an example which is understandable to the common man, there is a pond at Tokyo Disneyland on which there is a boat. Supposedly, Disneyland was told: "You have a boat which means you need a port. Apply for a permit." They were told so even though this is a case where the boat does not move into the open sea. Our industry also has similar situations. For instance, amusement centers must obtain a permit under the Law Controlling Businesses Which Affect Public Morals. However, our company builds facilities measuring 2,000 to 3,000 tsubo and charge entrance fees. If an entrance fee is charged, our facilities become recreational centers and a permit under the law is not required. However, the government officials insist that by definition recreation centers must include rides such as merry-go-rounds and trains.

[Ishihara] This is the first time that I have been exposed to such facts.

[Nakayama] Declaring such a facility a recreational center requires the installation of a merry-go-round. And, then a train. This is an example of regulations. It appears that the best approach would be to abolish all existing regulations and establish only new regulations which are essential.



[Question] Has anyone experienced any inconveniences owing to U.S. regulations?

[Nakayama] The United States does have regulations, but there is a lot more freedom compared to Japan. Right and wrong are clearly defined and there are few gray areas. Japan is plagued by a considerable degree of gray areas.

There are two types of regulations; i.e., regulations which served a purpose when they were established and those regulations which were established because of ignorance on the part of government officials. In other words, there are those regulations which should be modified because they are outdated and those regulations which remain in force even though they were incompatible with circumstances from the very beginning. Regulations should be subjected to a biennial or some sort of regular review.

#### **Progress Toward a Mature Relationship**

[Question] Can we address the subject of Japan-U.S. relations in Asia?

[Nakayama] If Japan and the United States persist in their current methods, they will clash in Asia also. When we consider hardware only, competition will be keen and both parties will probably engage in cut-throat methods. Friction will be inevitable.

[Ishihara] Even manufacturers must make an effort to avoid such friction. There is the aspect that competition will enable buyer countries to subject products to comparative shopping which will in turn encourage improvements in product quality. Prime Minister Mahathir of Malaysia has correctly stated: "The fact that Japan has become a member of the advanced industrialized nations has brought many benefits to Asians as a whole. If Japan did not exist as a nation, we would have been forced to accept products under unilateral standards imposed by West Europeans. We have been offered and guaranteed the right to freedom of choice."

[Nakayama] I am of the opinion that Japan should become a major nation. If we fail to become a major nation, we will in the end rapidly relegate ourselves to poverty. That means that Japan's strength must emanate from economic strength. An issue which faces us in terms of economic strength is that which concerns Japanese business executives. Although we speak of salaried business executives in both nations, U.S. business executives are held accountable for their performance and are fired if they perform poorly. That means they must dedicate themselves to their duties; but on the other hand, if they are capable, they are afforded the opportunity to become shareholder executives. In Japan, salaries are low and businessmen are merely ro-

tated through top executive positions, relegating them to a status where they are not measured by performance.

[Ishihara] A key point to be considered in Japan-U.S. relations in Asia is the extent to which the United States will respond to hegemony expansion policies of China based on its military capabilities. Eventually, if the U.S. military presence merely serves as a paper tiger and plays no meaningful role, U.S. Asian influence will probably decline. Declaring that such a situation would provide Japan with an economic opportunity represents terribly short-sighted thinking.

That dynamism for influencing global affairs is shifting from military strength to economic strength is granted, but we cannot disregard military strength when dealing with a country like China which places extreme weight on hegemony.

[Question] Finally, what sort of approach should we take concerning Japan-U.S. relations?

[Nakayama] Under a strong yen, Japan can survive under the worst circumstances by seeking balance through downsizing. However, under an extremely weak yen, Japan would face severe poverty. If the yen should swing from a strong yen to a severely weak yen, the Japanese economy will face extremely difficult conditions. Avoiding such a situation will require Japan to rapidly abolish unnecessary regulations, compete with the United States on a fair basis in the global arena, and assert itself appropriately. Japan must nurture the strength to persist in any logical approach.

[Ishihara] Japan-U.S. interdependence is of a huge scale and of a high quality. I believe that mutual and cool-headed awareness of that fact will lead to the preservation of a mature relationship. President Bush once said: "The United States is responsible for 80 percent of the trade imbalance. However, Japan is responsible for 20 percent of the imbalance." I believe it is critical that we maintain such awareness.

#### **LDP To Join Nuclear Protest Mission to France**

*OW0410133795 Tokyo KYODO in English  
1317 GMT 4 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 4 KYODO — The Liberal Democratic Party (LDP) has agreed to the proposal by its ruling coalition partners to send a joint mission to France to protest against its nuclear testing, party officials said Wednesday [4 October].

Kiyoshi Mizuno, former LDP Executive Council chairman, will join the mission proposed by the Social Democratic Party (SDP) and New Party Sakigake [Harbinger], the officials said.



The LDP's decision apparently reflects its concern that a refusal to go could be taken as a sign that the ruling coalition is in disarray over how to respond to the repeated French nuclear testing, which has touched a raw nerve in the world's only a-bombed nation.

Showing a rift within the coalition over a key issue and thereby giving the opposition ammunition for attacks in the Diet session — in the wake of the installment of new party leader Ryutaro Hashimoto — is the last thing the party needs at the moment, the officials said.

Many LDP members, however, are skeptical about the mission.

One senior LDP official said, "It will have little effect, since senior French officials are unlikely to meet the mission," adding that the coalition would lose face as a result.

But LDP Secretary General Koichi Kato said all the party executives supported the idea when he sounded out their stances.

Meanwhile, the SDP, which does not relish the prospect of continuing to lag behind Sakigake in its response to the nuclear test issue, has taken the initiative in proposing the mission.

Sakigake head and Finance Minister Masayoshi Takemura grabbed center stage by going to Tahiti to join a protest rally.

The SDP and Sakigake have already agreed to take strong steps, including a recommendation to recall the Japanese ambassador to France if the mission's request that France stop its tests is turned down.

The LDP, however, views the moves by its coalition partners as a "publicity stunt" for the next general elections.

#### **Editorial Protests Second French Nuclear Test**

*OW0410120695 Tokyo ASAHI SHIMBUN  
in Japanese 3 Oct 95 Morning Edition p 5*

[Editorial: "Let This Outrage Become a Motive Force for the Eradication of Nuclear Arms"]

[FBIS Translated Text] France completely ignored the upsurge in international public opinion by once again forcing through its nuclear testing in the South Pacific.

According to a French Defense Ministry statement, the purpose of the tests is to "verify the safety and effectiveness of nuclear weapons." The recent test was probably a large scale underground experiment on nuclear warheads to be carried on nuclear-powered submarines.

What does President Jacques Chirac think of international commitments? When the decision was made last May to extend the Nuclear Nonproliferation Treaty (NPT) indefinitely, the five nuclear powers pledged to sign the Comprehensive Test Ban Treaty (CTBT) by next year, and promised to exercise "utmost self-restraint" until the CTBT is signed.

We cannot help but be strongly outraged by France, which betrayed international trust and took a direction contrary to world expectations on nuclear disarmament in attempting to enhance its nuclear armory. President Chirac probably intends to elevate France's international reputation with its nuclear power, but each time France conducts a nuclear test, that reputation is progressively undermined. This is very sad.

We would like the government to convey this message of outrage and distress clearly to the French Government. It will not do to merely issue a statement of regret or protest. Prime Minister Tomiichi Murayama needs to take a tough attitude and be prepared to hold a summit with President Chirac to persuade him.

France plans to conduct five more nuclear tests up to spring 1996. China has also publicly declared that it intends to hold nuclear tests until the CTBT takes effect. It is, of course, necessary to stop such nuclear tests now. However, the more important question is whether the nuclear weapons that will be sustained through these tests will ever be eradicated.

In that sense, this is not an issue that ends with criticizing French and Chinese nuclear tests. We must keep this outrage alive and strongly demand that the United States and Russia also undertake nuclear disarmament.

An international debate on nuclear weapons erupted as nuclear tests were conducted in the Mururoa Atoll last month and at the Fangataufa Atoll more recently. What surfaced from the debate is the vast gap between nuclear and nonnuclear powers.

The United States and the other nuclear powers intend to maintain their monopoly of nuclear arms even after nuclear testing is banned under the CTBT. Therefore, they tolerate the French rationale that "nuclear tests are necessary if only to realize the signing of the CTBT." A resolution banning nuclear tests was rejected at the International Atomic Energy Agency (IAEA) general assembly due to the opposition of the nuclear powers.

Unless the nonnuclear powers form a solid front to check the nuclear powers, there can be no way out. In that sense, being the sole atomic-bombed nation, Japan has great responsibilities. Yet, it has not come up with clearcut policies on how to achieve a world free of nuclear arms.



Japan should downgrade its faith in nuclear deterrence — which continues to be worshipped even after the end of the Cold War — and search for a substitute system to maintain security. With such efforts, Japan will no longer be countered with the argument that "a nation protected by the U.S. nuclear umbrella has no business [protesting]" from nations conducting nuclear tests.

The creation of denuclearized zones is one way to effect a breakthrough in the attempts to eliminate nuclear arms. This summer, it was decided that the Pelindaba Treaty of Africa will be signed shortly, after the Tlatelolco Treaty was signed by Central and South American nations, and the Rarotonga Treaty by South Pacific states. The French nuclear tests seem to have accelerated the process of denuclearization in Southeast Asia. With the aim of creating a denuclearized zone in Northeast Asia, including Japan and the Korean peninsula, should Japan not think seriously about folding the nuclear umbrella?

This is a question that cannot be delegated solely to political authorities. Let us make the upsurge in international public opinion over the nuclear tests a strong motive force toward achieving a world free of nuclear weapons.

#### **BOT's Gyoten: G-7 To Reconfirm Stable Exchange**

*OW3009114695 Tokyo KYODO in English  
0934 GMT 30 Sep 95*

[FBIS Transcribed Text] Tokyo, Sept. 30 KYODO — The Group of Seven (G-7) key industrial countries will reconfirm cooperation for stable currency markets during their meeting in early October in Washington, Toyoo Gyohen, former vice finance minister for international affairs, has said.

Top G-7 finance officials will confirm their nations will maintain the cooperative stance they have taken in currency markets since April so that exchange rates will not fluctuate violently, Gyohen said in an interview with KYODO NEWS SERVICE.

Gyohen, also chairman of the Bank of Tokyo [BOT], said it is difficult for the interests of all the G-7 countries to be completely the same.

But their April pledge to make efforts toward "an orderly reversal" of the excessive yen rise is still valid, he said.

Gyohen said yen-dollar exchange rates, if they move within 10 yen in each direction of 100 yen to the dollar, can be said to be stable.

He said what are called appropriate currency levels do not exist because no specific rates can satisfy all parties.

Some exporters favor 110 yen and others 120 yen while importers seek stronger yen rates, Gyohen explained.

He said Japan and the United States hold the same view that the current state of exchange markets should be maintained.

Their trade issues would not pose major problems although there are some pending disputes such as the U.S. complaint about Japan's film market, Gyohen said.

As possible unstable factors for currency markets, he cited dragging talks over a single currency scheme in the European Union (EU).

The original goal of achieving a single currency by 1999 has come to a deadlock due to conflicting views among EU members, a factor that may push up the value of the German mark against other major currencies, said Gyohen.

During the upcoming G-7 meeting, Japan will tell its G-7 partners that the country is making maximum efforts to do whatever is necessary, such as implementation of a new pump-priming package and disposal of bad loans in the banking sector, he said.

Gyohen said whether or not Japan's credit standing in the global financial market will recover depends on what the country does about it.

An early implementation of measures shown in the recent panel report to solve the bad-loan crisis would prevent its credit standing from falling further, he said.

#### **Tokyo To Urge G-7 Consensus on Stronger Dollar**

*OW0410135495 Tokyo KYODO in English  
1331 GMT 4 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 4 KYODO — Japan will ask other Group of Seven (G-7) major nations for further currency cooperation for a stronger dollar when they meet in Washington on Saturday, a Finance Ministry official indicated Wednesday [4 October].

Japan will maintain that foreign exchange rates are still in the process of an "orderly reversal" of the dollar's excessive weakness as agreed by the April G-7 meeting, the official said.

The official said top finance officials from the G-7 economic powers will discuss currency as part of macroeconomic issues during their upcoming meeting.

He said global currency markets are moving in the direction sought by Japan.

"Concerted G-7 actions since April have produced favorable effects on currency markets and Japan's economy," he said on condition of anonymity.



On Japan's bad loan problems, Tokyo will explain the steps and policies it has taken so far and seek understanding from its G-7 partners at the Saturday meeting, he said.

The move is apparently aimed at easing growing international anxiety about Japanese banking system, which is battered by a huge amount of nonperforming loans at financial institutions.

The official was briefing reporters on the topics of the G-7 meeting and subsequent international conferences of the International Monetary Fund (IMF) and the World Bank.

The official said other topics at the meetings will include an assessment and outlook for the world economy, countermeasures against Mexican-type financial crises, a review of the role of the two lending agencies and the Russian economy.

Whether or not the G-7 will issue a communique after its meeting, as it did for the first time in two years after the April meeting, has yet to be decided, he said.

Prior to the G-7 meeting, Japanese Finance Minister Masayoshi Takemura plans to meet U.S. Treasury Secretary Robert Rubin but the bilateral meeting depends on Takemura's parliamentary schedule, the official said.

On currency crises, such as that seen in Mexico last year, the G-7 and the interim committee meeting of the IMF will basically agree on the creation of a new emergency financing mechanism, the official said.

To finance the scheme, called the Emergency Financing Mechanism (EFM), they will accept the idea of doubling the special loan quota under the General Arrangements to Borrow (GAB), he said.

But no specific framework will be devised during their upcoming meeting as coordination over burden sharing by new participants in the GAB expansion scheme has yet to be finalized, he said.

At present, 11 nations are taking part in the GAB program. As a way to strengthen its capital base, Australia and Singapore are being sounded out about the possibility of joining the program.

Japan wants the issue to be settled by next year's G-7 summit, the official said, noting that G-7 leaders had confirmed they would seek an early solution during their Halifax meeting in June this year.

**APEC Meeting Agrees on Tourism Action Program**

*OW0410124795 Tokyo KYODO in English*  
*1214 GMT 4 Oct 95*

[FBIS Transcribed Text] Kanazawa, Japan, Oct. 4 KYODO — An Asia-Pacific Economic Cooperation (APEC) forum meeting in Kanazawa, central Japan, has adopted an action plan on tourism, an APEC official announced Wednesday [4 October].

Asuman Akhir Nasution, an Indonesian representative at the two-day tourism meeting, told a press conference the plan will be further discussed at high-ranking talks next Monday and reported to the APEC summit meeting in Osaka next month.

The plan includes liberalization of trade in tourism and services, and fostering quality personnel in the tourism field.

Participating countries will be required to follow the plan for the next two years, he said.

**APEC Group Agrees on Products Principle Origin**

*OW0410130595 Tokyo KYODO in English*  
*1240 GMT 4 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 4 KYODO — A panel of the Asia-Pacific Economic Cooperation (APEC) forum agreed Wednesday [4 October] to coordinate its origin of product rules with those of the World Trade Organization (WTO), Japanese officials said.

The officials said various rules are currently applied in member countries and regions although judgment is made basically on the basis of where particular products are processed, where the main process is handled and where the highest value is added to particular products.

The WTO is scheduled to come up with the standard rules in three years' time.

The officials said the agreement was reached at a session held in Tokyo on Wednesday by APEC's subcommittee on tariff problems.

**APEC Principles To Face Political Decision**

*OW0410133595 Tokyo KYODO in English*  
*1300 GMT 4 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 4 KYODO — Wrangling over trade and investment principles within the Asia-Pacific Economic Cooperation (APEC) forum will be settled by political figures just ahead of the APEC summit in Osaka, Japanese Government sources said Wednesday [4 October].

Senior officials are unlikely to reach consensus on the so-called action agenda during their gathering in Tokyo



from next Monday, as their differences over agricultural trade remain far apart, the sources said.

Settlement of the issue will thus be left to an APEC ministerial meeting to be held in Osaka immediately before the informal APEC summit Nov. 19, said the sources.

The action agenda is a set of trade liberalization guidelines due to be formally adopted at the Osaka APEC summit.

Including general trade principles and specific action programs, the guidelines are intended to achieve trade-freeing goals envisioned in the Bogor declaration issued by the APEC summit in Indonesia last year.

Consensus has yet to be reached over APEC's principle of comprehensive application of trade-freeing goals to all industrial sectors, reflecting a sharp division on agricultural trade.

Seeing such trade as "a sensitive area," Japan, South Korea and China demand the exclusion of farm trade from the principle. But farm product-exporting countries like the United States and Australia contend no exceptions should be allowed.

The gap was not narrowed during the Hong Kong senior officials' meeting in September and no breakthrough looms ahead of the Tokyo meeting, the sources said.

Chairing this year's summit, Japan circulated the second draft of the action agenda to APEC's 18 members ahead of the Hong Kong meeting.

The draft said that while no sector should be exempted from the comprehensiveness principle, flexible treatment in actual enforcement is possible in certain sensitive areas.

The ambiguous phrase remains in the revised draft recently distributed to the APEC members, said the sources.

Japanese International Trade and Industry Minister Ryutaro Hashimoto said recently flexibility is needed in the comprehensive principle.

Prime Minister Tomiichi Murayama said Wednesday [4 October] Japan will seek a solution to the issue in a manner consistent with its stance on farm trade, while upholding Uruguay Round accords.

A clear-cut consensus on the issue is unlikely to emerge during the upcoming Tokyo meeting, the last meeting of APEC senior officials before the November summit, the sources said.

A Foreign Ministry source said that because it is not at the discretion of senior officials to solve sensitive issues

like farm trade, a final decision will be left to cabinet ministers.

The APEC action agenda is expected to incorporate nearly 10 principles, including nondiscrimination, cooperation, simultaneous liberalization, transparency and consistency with World Trade Organization accords.

The Bogor declaration set the year 2020 as the deadline for transforming the Asia-Pacific rim, an area that accounts for nearly 50 percent of global trade, into a free trade and investment zone.

### **Kansai Airport Chairman Resigns Over Daiwa Bank**

*OW0510060595 Tokyo KYODO in English  
0515 GMT 5 Oct 95*

[FBIS Transcribed Text] Osaka, Oct. 5 KYODO — Tsuneharu Hattori, president of Kansai International Airport Co. (KIAC), announced Thursday [5 October] he has accepted a letter of resignation from its chairman Sumio Abekawa, who is concurrently chairman of Daiwa Bank.

The resignation takes effect Thursday, Hattori said.

Abekawa has decided to quit to clarify his management responsibility for a 1.1 billion dollar loss caused by a New York branch trader's unauthorized dealing in U.S. securities.

Hattori made the announcement at a news conference in Osaka, the hub of commerce and industry in western Japan.

The KIAC president quoted Abekawa as saying he has expressed the intention to devote his full energy to fully investigating the incident involving Daiwa Bank.

Abekawa is also likely to step down from the post of vice chairman of the Osaka Chamber of Commerce and Industry, industry sources said.

He had played a major role in coordinating views between the business community in western Japan and the central government on construction of the Kansai International Airport, Japan's first 24-hour airport, on an artificial island in Osaka Bay. It opened for service in September last year.

### **'Special Fund' for Failed Credit Unions Firms Up**

*OW0410141695 Tokyo NIHON KEIZAI SHIMBUN  
in Japanese 30 Sep 95 Morning Edition p 1*

[FBIS Translated Text] The Ministry of Finance [MOF] firmed up its policy to set up a temporary "special fund," which will be effective for five years, by collecting funds from central and local governments as well



as private financial institutions. The special fund will be used to cover expenses needed for disposing of financially troubled credit unions. The MOF made the decision because, as it had experienced rough going during deliberations on financial expenditures accompanied by disposing of Cosmo Credit Union (in Tokyo), it is feared that financial issues may become an obstacle to local assemblies' decision-making process. The MOF will collect funds for prefectural governments beforehand to enable them to use the funds to dispose of the financially troubles institutions without obtaining approvals from assemblies. This is a decision made after receiving a Financial System Research Council (which is an advisory organ to the finance minister) report on the progress of its deliberation. Although plan details will be worked out by the end of the year, the scale of the fund at the initial stage will be 100-200 billion yen. Among other things, the MOF will submit a special bill for establishment of the fund to the next ordinary Diet session.

It is likely that the fund will be [managed by] an organization different from saving and insurance organizations. According to the concept, the MOF will ask private banks to contribute funds to the special fund in accordance with certain rules, including one on their scales, and the remaining amount will be equally shared by the government and local autonomies. The amount of local autonomies' contributions will be determined while using the deposit amount of credit unions, which are under their jurisdiction, and other data as reference.

To be prepared for disposing of bankrupt credit unions, the credit union circles have already established an 80 billion yen framework for their fund support. However, it is possible that their funds may be merged into the special fund. It seems that the initial scale of the fund will be some 100-200 billion yen. However, it will be increased later if revenue sources become insufficient.

The fund will be used as a revenue source for support for bond recovery organizations, which transfer bad loans of bankrupt credit unions to other financial organizations, and for financial institutions that take over business from credit unions. Approval to use the fund will be determined concurrently with fund aid and other actions by deposit and insurance organizations and thereby making quick actions for disposing of bankrupt financial organizations possible; such quick actions will hold down the disposing cost to the minimum. Among other things, the fund is characterized as a special measure effective only for five years. During these five years, the MOF will promote disposal of the bad loan issue. The MOF will also introduce measures designed to apply the breaks to moral hazard by unhealthy financial institutions.

There are 372 credit unions across the nation. Of late, five credit unions — Tokyo Kyowa and Anzen (in Tokyo), both of which went bankrupt in December last year; Cosmo; Kizu (in Osaka); and Yuai (in Kanagawa) — went bankrupt one after another. Arrangements have already been made for them to transfer their business to other financial institutions and to receive financial support from deposit and insurance organizations. However, this is not enough to save all depositors. The MOF covered the losses of the bankrupt credit unions by using, among other things, funds from private banks and prefectural governments, which [have an obligation to] supervise credit unions.

Due to opposition from their prefectural assemblies and also because of other reasons, however, Tokyo and Osaka are facing rough going in making a decision on granting financial support for disposing of the bankrupt credit unions. They are having a heated debate over whether the fund burden should be shouldered by the "state or the prefectural government." The Tokyo prefectural assembly approved a proposal to contribute funds for disposal of Cosmo Credit Union on the condition that a way of shouldering funds should be clarified. As regards the support from private banks, there is a growing opposition to the MOF's request for fund contributions, saying, among other things, that "reasons are not clear."

Because of this, the MOF has concluded that clear rules should be introduced regarding fund burden needed for dealing with the bankrupt credit unions. The MOF will coordinate opinions with other organizations, including local autonomies and the Ministry of Home Affairs.

#### **Effects of BIS Risk Management Model Previewed**

952A0653A Tokyo GINKO JIHYO in Japanese  
Jul 95 pp 26-29

[Unattributed Article: "Japanese Banks Must Reorganize To Use BIS Risk Management Model"]

[FBIS Translated Text]

#### **City, Long-Term Credit Banks Hurry To Set Up Risk Management Systems, Second BIS Regulation Will Take Effect at the End of 1997**

On 12 April, the Basle Banking Supervisors' Committee released a proposal for a Bank for International Settlements [BIS] regulation to control market risk. These new requirements will be incorporated into the framework for existing capital adequacy rules (BIS standards), which were designed for credit risk. The proposed requirements are expected to be implemented at the end of 1997 after discussions are held with private financial institutions in the committee's eleven member-countries



*(Japan, the United States and Europe). Based on meetings with private banking institutions last year, the proposal recognizes the use of independent market risk measurements and management methods (internal model). City and long-term credit banks have begun preparing for the new requirements; based on the use of the internal model, they have reorganized their market sections, setting up special market risk management units, and taken steps to strengthen and develop systems to control market risk.*

#### **Implementation Targeted for End of 1997**

The proposal for BIS requirements is to contain market risks, more accurately, as it is a "supplementary proposal to include market risk under the capital standards accord." The proposal, which came out of meetings with private banking institutions, was released by the Basle Banking Supervisors' Committee. Since the adoption of current BIS requirements [on capital adequacy], attention has turned to the topic of regulating market risk, and the Basle Committee has been studying appropriate methods for evaluating market risk and ways in which these findings might be incorporated into the regulations for capital adequacy. As part of the process leading to this latest proposal, a draft-version was released in 1993, after which meetings were held with private financial institutions in the participating committee countries, including hearings with relevant government agencies.

The committee is scheduled to convene a second series of private banking conferences through the end of this July and, by the end of the year, will draw up a final accord. The new requirements are expected to be go into effect at the end of 1997. In Japan's case, the new requirements are expected to be introduced, along with existing BIS capital adequacy standards in March 1998, since the reporting basis for Japan's supervising authorities is the fiscal year [ending in March]. However, as far as the required reports are concerned, the Ministry of Finance is studying the feasibility of a quarterly report schedule in line with the United States and Europe, in which case, the new regulations may go into effect uniformly for all participating countries at the end of 1997.

#### **Internal Model is Accepted**

The new proposed BIS regulation adds market risk factors to the existing BIS requirement for capital adequacy and, like it, sets capital adequacy at 8 percent or higher.

Considered subject to market risk are loans and stocks in trading accounts (negotiable securities risk). Other sorts of market risk are foreign-exchange risk as it

affects a bank's position as a whole, and commodities risk. After appropriate calculations are performed, so-called derivatives will also be treated as a market risk. The amount of market risk the bank's position in these various holdings is exposed to, based on their market price, will be measured and that amount will then become its market risk and the amount of its net worth.

Furthermore, stocks and bonds in trading accounts, though formerly treated as risk- assets, will no longer be subject to credit-risk requirements. The proposed regulation also recognizes short-term subordinated debentures (Tier 3) as net worth but only when used to cover market risk.

The impact of market risk requirements on capital adequacy standards will "push down the existing BIS ratio by 0.2 percent at most," according to a leading city bank source. No major difficulties are foreseen in maintaining this ratio.

The proposed BIS regulation accepts the use of the internal model, a point private financial institutions most wanted to see incorporated in the regulation during the recent private banking conferences, and thus the proposal has been very well received in financial circles.

What this means is that, when the independent methods banks use to manage market risk fulfill certain set quantitative and qualitative criteria, the use of the internal model will be recognized by the authorities concerned. Qualitative criteria include: 1) the presence of an independent risk management unit which has responsibility for implementing and planning the bank's risk management system; 2) the incorporation of the internal model in the process of controlling risk; and 3) regularly scheduled independent internal audits and appropriate stress tests. Quantitative criteria, used to calculate maximum estimated losses, call for a reliability interval of 99 percent, a holding period of ten days, and an observation period of one year or longer. A bank's net worth will be set at at least three times the maximum estimated amount of losses as calculated under these conditions.

No one regulation uniformly applies to the supervision of private banks by the banking authorities. Rather, the internal methods adopted by banks had been "the method of supervision for all but the market departments," according to a leading city bank source. Therefore, rather than having to set up a separate management system for the sake of the proposed market risk regulation, the requirements "not only avoid the necessity for banks to duplicate their investments, but also avoid creating a moral hazard as far as making banks improve their risk management methods," according to a city bank system development source. The regulation,



as proposed, thus seems to have basically eliminated a source of dissatisfaction among the city and long-term credit banks.

The problem is not with the capital adequacy ratio itself but, rather, with how banks are going to strengthen their market risk management systems. At least, this is how those in the financial world view the problem, and for the immediate future, the tasks for private banks are to: 1) reorganize their resources to better control market risk and 2) set up an environment where this logic permeates management systems and networks both inside and out.

### **Six Banks Set Up Special Risk Management Units**

The first line of response among city and long-term credit banks has been an organizational one. An increasing number of banks are currently setting up special units to be responsible for developing and researching new methods for banks to be able to evaluate and control risk, including the ability to routinely evaluate market risk.

The other day, a manager of one of the top city banks which had already set up a special risk management unit, said, "it is only natural that one of the qualitative criteria in the regulatory proposal is for banks to segregate their risk management functions organizationally from their front or back offices." A long-term credit bank official gives his sense of the direction things are moving. In the case of his own bank, he says, "we have not set up a separate unit yet but will probably do so in the not too distant future." As indicated in the following table, six banks have currently set up such units. Organizationally, three banks have set up units in planning sections within their fund and securities departments; two have special units under the direct jurisdiction of bank officials; and one has set up its unit as a separate department. All of these units share the same basic functions; namely, to evaluate and manage market risk, to feed this data back to management, to draw up plans for a management system, and to research and develop methods to control market risk. There is also at least one bank whose unit has the additional role of planning and carrying out assets and liabilities management (ALM). Besides these six, several banks, including Mitsubishi Bank and Daiwa Bank, are currently looking into the possibility of establishing special sections.

Of the six, Tokai Bank was the quickest to respond. The bank underwent reorganization late last September, when it established a "risk management unit" in its market planning department. A special feature, or characteristic, of this unit is that, in addition to evaluating and containing market risk and developing and researching methods to do this, the unit is centrally responsible for

risks the bank takes on in its business operations and, thus, its responsibilities range from ALM planning and implementation to understanding and managing risk as it affects the entire bank, including risk from a "mismatch" between deposits and loans.

Fuji Bank followed and, in October of last year, established its "comprehensive market risk evaluation unit." Organizationally, since this unit has been directly linked to management, it is under the direct jurisdiction of the vice president (Kazuhiko Kasai). "As corporate staff," says Unit Chief Yoshiki Takeshima, we "report to the vice president's office on a daily basis, after evaluating the market risk for the bank as a whole." Along with Dai-ichi Kangyo Bank, whose setup will be described in more detail later, Fuji is one of only two banks that have placed the unit directly under a bank official.

Sakura Bank's "market risk management unit" was established in January soon after the new year began. The unit is located in its Funds and Securities Planning Department. There are eleven staff members under the unit chief, one of whom is stationed in New York, where he oversees the bank's local market risk and system response. Given this opportunity, Sakura also revised its own internal regulations for market risk management and started putting these into practice from the first half of the year. Currently, it is involved in developing a new interest-risk management system, which is slated to be up and working in Tokyo from next April and, then, will be introduced in its branch offices, starting in New York, followed by London and Chicago. It is also moving ahead with the development of a new system to control foreign-exchange risk. According to a source in the market risk management unit, "by consolidating these two new systems, Sakuka Bank hopes to have a new system in place as early as 1997 for the comprehensive management and evaluation of market risk."

The Nippon Credit Bank set up a "risk management unit" in April. The unit is located in its finance planning department. The bank's aim, according to a source in the general planning department, is to "thoroughly contain risk for the bank as a whole," which means not only credit risk but also market risk. At the same time, in order to clearly separate its management function from activities aimed at promoting market services, it has established an "investment banking division," effectively consolidating what formerly were its securities department, capital market department, funds and foreign-exchange department and market and securities department.

Sumitomo Bank is the first Japanese bank to have set up its market risk management unit as a department, thus



showing itself the most forward among its counterparts in appreciating the seriousness of market risk. Its "market management department" was set up on 1 May, with the goal of "strengthening and concentrating those functions related to the comprehensive management of market risk" in a single department, according to a planning department source. Appointed to head the department is Director Tadahiko Ito, a former securities department head and highly regarded strategic planner. Ito is in charge of the supervision and management of market risk factors, improving methods for evaluating market risk, and designing and administering the bank's ALM program. The department, which has a staff of fifty workers, including those in the funds unit (which is in charge of raising yen-denominated funds), has the largest market risk management lineup of any bank in Japan.

A "market risk management unit" was also set up at Dai-Ichi Kangyo Bank on 12 May, pulling together

the market risk control functions that had been carried out until then in various market-related departments of the bank. "Since risk itself can be understood as a resource," the aim in setting up this unit, says a planning department source, is to "provide data about the bank's market risk so that management can make timely, accurate decisions." As mentioned earlier, the unit was placed under the jurisdiction of a bank official (Vice President Katsuhiko Kondo) with a view toward firmly maintaining its autonomy. The job of the unit, according to a planning department source, is to "measure, evaluate and contain the bank's market risk; design a unified system for managing market risk; develop and research methods to manage risk and advance the logic of risk management; and nurture the development of market staff.

**Special Market Risk Management Units in City Banks**

Bank	Name of Unit	Unit Chief	Staff Size	Date Established
Sakura Bank	Market Risk Management Unit (in Funds, Securities Planning Department)	Tadaaki Satoyoshi	21	Jan 1995
Dai-Ichi Kangyo Bank	Market Risk Management Unit (under direct supervision of bank official)	Akira Sueda	12	May 1995
Sumitomo Bank	Market Management Department	Tadahiko Ito (Dir., Department Chief)	50*	May 1995
Fuji Bank	Comprehensive Market Risk Evaluation Unit (under direct supervision of bank official)	Yoshiki Takeshima	Approx 20	Oct 1994
Tokai Bank	Risk Management Unit (in Market Planning Department)	Yoshio Hirata	12	Sept 1994
The Nippon Credit Bank	Risk Management Unit (in Finance Planning Department)	Yoshinori Kouda	5	Apr 1995

\*Includes staff attached to the Funds Unit, which raises yen-denominated funds.

### Development Cost Comes to Several Billion Yen

The second response to the proposed BIS regulation has been on the systemic side.

In order for banks to understand and evaluate market risk on a daily basis as it pertains to overseas branches

and local subsidiaries, needless to say, the support of a computer system is necessary. Some banks have introduced computerized systems to a limited number of their branch offices, thus enabling their head office to comprehend on a routine basis the interest-risk or foreign-exchange risk their overseas offices carry. No



bank, however, has introduced such a system throughout its entire banking network. The creation of a system that will enable banks to get a daily, comprehensive view of their market risk is, in fact, still one of the problems that will have to be addressed. As mentioned earlier, it will be at the end of 1997 or in March 1998 that the BIS regulation for market risk is introduced. Since time will have to be allowed for a test run of any new system, banks are probably working on a schedule to "complete their development of a comprehensive risk management system as early as 1997," according to a top city bank director.

The cost of developing such a system will run into several billions of yen. Compared to the development of large-scale systems in the past, the cost constitutes a relatively light burden. However, among the city and long-term credit banks, there are some financial institutions that are either in the process of developing or introducing an international data system. For those banks, the question of priorities arises: whether to give priority to the development of a market risk management system or to incorporate the requirements for such a system into the data system currently being developed. According to one industry source, "[Such projects] take more physical stamina and strength than you would imagine." According to another, "There is not much time, and frankly, it looks like it is going to entail a lot of physical labor."

Finally, in regard to the supervision of risk management units, the BIS proposal, as one of the qualitative requirements for banks' using the internal model, is that internal audits are conducted according to set standards. At present, none of the city and long-term credit banks have revamped their auditing systems. Typically, in the present situation, according to a top city bank manager, "the system is such that the bank inspection department has staff specialists to audit the business affairs of market departments. A bank's risk management is also given a comprehensive check by the auditors. The view is that this system works quite well."

However, according to this same source, "It is necessary to improve the contents of the audit for market risk management," and not a few banks are now "in the process of revising their checklists." In part, this is due to the plans "under further study" by the Ministry of Finance and Bank of Japan to strengthen and improve the current bank examination and inspection system.

In any case, the heart of BIS market risk requirements is to effect stronger controls on risk in market transactions and thereby strengthen and insure the health of banks and their management. If this is the intent, then city banks and long-term credit banks can be said to have

begun an aggressive response to the purport of these BIS requirements.

From the start, the "hard infrastructure" was everything for organizations and systems. The mission that seems to have been assigned to the management class is to use that infrastructure as the basis for developing a sharp sensitivity to risk among bank managers and building into their operations the capacity for thorough risk management as part of their everyday routine.

#### **Businessman Urges Administrative Reform Panel**

*OW0310125095 Tokyo KYODO in English*  
*1207 GMT 3 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 3 KYODO — The head of a blue-ribbon business group called on the government Tuesday [3 October] to set up a neutral administrative reform watchdog next year to promote economic deregulation.

Jiro Ushio, chairman of the Japan Association of Corporate Executives (Keizai Doyukai), told a news conference he plans to discuss the matter with Ryutaro Hashimoto, newly elected president of the major ruling Liberal Democratic Party, who has shown a positive response to his call.

He said it would be difficult to carry out dramatic deregulation under the existing administrative reform panel which falls under the direct supervision of Prime Minister Tomiichi Murayama.

Ushio, who is chairman of electrical maker Ushio Inc., said the new watchdog body should also review organizational problems of the Finance Ministry.

#### **Government Urged To Deregulate Priority Areas**

*OW0410053895 Tokyo KYODO in English*  
*0532 GMT 4 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 4 KYODO — A major labor union and an employers association on Wednesday [4 October] jointly called on the government to push deregulation and tax revision in four "priority" sectors — housing, information and communications, the environment, and welfare and medical care.

The suggestion came in a report released by the eight-million-member Japanese Trade Union Confederation (Jtcu-Rengo) and the Japan Federation of Employers' Associations (Nikkeiren).

The report noted that the four areas have high potential for growth in employment and called on the government to take incentives to spur their growth.



Top officials of the two organizations will submit the report to Prime Minister Tomiichi Murayama late this month.

**BOT Chairman Gyoten Discusses Exchange Market**  
*OW0510113695 Tokyo SHUKAN DAIYAMONDO*  
*in Japanese 2 Sep 95 pp 37-40*

[Interview with Toyoo Gyoten, chairman of the Bank of Tokyo, by SHUKAN DAIYAMONDO editor-in-chief Tetsuo Matsumuro; place and date not given]

[FBIS Translated Text] [Matsumuro] While exchange rates have recently moved in the direction of a weaker yen, what do you make of the steep appreciation of the yen since the beginning of the year?

[Gyoten] I think we have had an environment for a stronger yen for the past few years because of the continuing large surplus of Japan's ordinary income. Besides several factors that are conceivable as the cause of why the yen has suddenly skyrocketed against the dollar since the start of this year, I think the psychological factor has also been a major reason.

I say this because of the breakdown of the Japan-U.S. framework talks at the Hosokawa-Clinton meeting last spring. After that, the exchange market prediction was that "the U.S. side would probably use the strong yen to its advantage in the next talks." This eventually turned out to be true. In such circumstances, in summer last year the dollar went below 100 yen.

Of course, the United States feels that going too far is not good, and when the dollar began to depreciate against the yen, it started to think that the emergence of the so-called "trilemma" — a weak dollar triggering low stock prices and low bond prices — would bring serious consequences. For example, when the dollar dropped below 100 yen, and then below 90 yen, I guess the United States was worried and did something in its own way. Meanwhile, in Japan various measures such as deregulation, budgetary measures, and monetary policy were discussed in the Diet to cope with the rising yen. *Difficult To Reverse the Swing of Exchange Rate's "Pendulum" by Playing*

#### **Against Market Trend**

[Matsumuro] However, such measures ended with the opposite result. The timing was bad.

[Gyoten] Yes. And frankly, there was very little substance in the package. There was nothing to make you think, "This will work!" When this is repeated, it is the market's psychology to think that Japan does not have the will nor ability to seriously halt the yen's rise. I

think this is why the yen appreciated so suddenly at the beginning of the year.

At the same time, there was concern in the United States that its economy would become somewhat overheated, and short-term interest rates were raised early in the year in an attempt to slow down the economy. This was also the background of the yen's appreciation.

[Matsumuro] What kind of speculation do you think the market had?

[Gyoten] For instance, when the dollar started to go below 90 yen, everybody was thinking that exchange rates had clearly gone too far. However, such a thought did not have an impact on the market as a whole since everyone was buying yen and selling dollars. Even if a small number of people think, "the market has gone too far so I think I will start buying the dollar now," they are not sure whether such an investment against the market trend is profitable. That is why, in the recent case, everybody figured just following the market trend — that is, buying yen and selling dollars — would certainly make a profit. (Laughter).

But, I think it was in late April, when the dollar was almost breaking the 80 yen level, that the market seemed to consider this was too unusual. The idea that selling the dollar further does not seem to make a profit, but instead is extremely dangerous, was prevalent.

I think the turning point came when the dollar was about to drop below 80 yen.

[Matsumuro] Although the United States was concerned, did it not have a sense of crisis? At that time, the U.S. did not appear to begin market intervention.

[Gyoten] While the dollar's value against the yen was becoming extremely low, in terms of trade, the United States' largest trade partners are Canada and Mexico, with Japan third. A view that the dollar has not depreciated so much if it is compared with the weighted average of the currencies of such trade partners was widely held.

Usually a decline in a currency's value causes inflation. But because of the situation, there was no sign of inflation despite the dollar's depreciation against the yen. I guess the U.S. authorities at that time had a sense that: "Only Japan is making a fuss about the weak dollar. It is not a weak dollar for the United States in the real sense, and since we are not in trouble economically, there is no environment for the United States to do something together with Japan." Well, looking back now I have an impression that they made light of the situation... [ellipses as published]



[Matsumuro] Current account surplus is often said to be the cause of a strong yen. Was there not any impact of such capital movements as withdrawing from U.S. real estate investment and selling dollar-denominated bonds because of the strong yen at that time?

[Gyoten] Although current account balance is always offset by the short-term or long-term capital balance, at the root of the issue is the current account. In the case of the yen's appreciation since last year, the portion of the current account's surplus was large and the degree of it being offset by capital transactions was extremely low. So I guess the recent yen's rise means that capital balance can no longer counterbalance it.

#### **Gap Between Home and Abroad Over Present Market Trend**

[Matsumuro] Recently, against our expectations, concerted market intervention successfully led to a weaker yen.

[Gyoten] Joint intervention in the exchange market is led by the United States, Japan and Germany. The so-called currency mafia — the deputy vice-minister for financial affairs of Japan's Finance Ministry, undersecretary of the U.S. Treasury, and Germany's finance vice-minister — discusses the kind and scale of an intervention by watching the market situation.

Carrying out an intervention is like playing a game with the market, and this has become very professional recently. In particular, since the intervention in late May I think the technique has been greatly improved.

When the dollar entered the 80 yen level, the market was also very worried, and intervention becomes effective at a time like that. So, even though the intervention procedures were very sophisticated, we can say the recent market intervention succeeded because the market environment itself had changed to one where intervention seems to have an effect.

[Matsumuro] How do you see the exchange market trend in the future?

[Gyoten] I think to what extent the dollar will regain its value will be the topic of conversation for some time to come.

I was recently abroad and felt concern on this issue among people, but comparatively the number of people who talk about the yen's depreciation is larger in Japan. They say, for instance, the dollar will exceed 100 yen by the end of the year. I think this is because the Japanese economy is bearish. The economic stimulus measures have not been so effective, and there is mounting concern that the economy may gradually fall into recession. In addition, since May's business trend

index went below 50 percent for the first time in three months, they think the currency of a nation whose economy is not strong cannot be strong.

On the other hand, people in overseas markets see that the Japanese economy will not recover in the coming few months. Since this means Japan's imports will not increase, they predict Japan's trade surplus will still be large, and therefore the yen will appreciate.

It seems there is this quite a gap between the views at home and abroad regarding the short-term trend of the exchange rate.

[Matsumuro] Since Japanese firms have been working out measures to cope with the 80 yen to the dollar situation, there is going to be change again.

[Gyoten] If asked, "what do you think of the possibility of a 80 yen to the dollar exchange rate?" earlier in the year, I think most people would have answered: "That is out of the question. Such a rate is impossible. If it happens, the Japanese economy will collapse."

However, these days people are saying, "Oh, we have a weaker yen today," without any hesitation — even if it is at the 80 yen level — when the dollar reaches 88 yen. (Laughter). Moreover, when the dollar hits 90 yen, people make a fuss over the "weaker" yen. Getting accustomed to a situation is something not to be treated lightly.

[Matsumuro] But there is more to it than just that.

[Gyoten] The impact on exports, imports, and foreign investment will be completely different depending on whether the exchange rate is at the 90 yen level or at the 80 yen level. If the 80 yen level exchange rate lasts for a long time, it would mean a distribution of economic resources under overshooting currency markets. For example, companies which do not have to transfer their production abroad when the exchange rate is 100 yen to the dollar are doing so at the 80 yen level. If this exchange rate becomes permanent, it will be the start of an 80 yen era for the Japanese economy.

Apart from the discussion of whether this is good or bad, its economic structure will be clearly different from that in the 100 yen era. A counterpart of this phenomena is occurring in the United States, and I think the duration of such an imbalanced exchange rate should be kept as short as possible.

#### **Dollar's Superiority as Financial Means Keeps its "Key Currency" Status**

[Matsumuro] The crisis of the dollar as a key currency was pointed out at the time of the yen's recent rise. What do you think about the confidence of the dollar?



[Gyoten] Although there is a question of national strength, foreign debts are a big issue in terms of currency.

The United States became a real debtor nation in the early 1980's. Since then its net debts have increased, and it now has more than 600 billion dollars in debt. There is an argument that something is wrong with the fact that the currency of such a country is still the key currency.

Such a state in the United States would be an emergency and the dollar's reliance would be lost at once if it were the days when the United States guaranteed the value of the dollar, and one could exchange \$35 for an ounce of gold. But it is not so now.

Even if a foreign country brings the dollar for exchange, the United States does not have a need nor a duty to exchange it for something. So those who have the dollar can do nothing but buy something that is sold in the United States. Even though that something might be U.S. bonds or the Rockefeller Center, the money always returns to the States.

[Matsumuro] You mean the era is over in which the most important requirement to be a key currency is to guarantee its value.

[Gyoten] Right. I guess those who argue that after 1973 the dollar was not a key currency because the United States was in the red still have an old-fashioned idea in the back of their minds.

Then, what are the conditions of a key currency? I would say a key currency must be abundant in supply, and it can be borrowed as much as one likes. And it can be invested by those who have it. Also, a key currency should be very convenient, and using it should make the market efficient. So it is the dollar's superiority as a financial means — something that is useful — that serves as the most important condition to support its role as the key currency.

#### **Signs of 'Hollowing' in Exchange Market Noted**

952A0712A Tokyo FORESIGHT in Japanese  
July 1995 pp 60-63

[Article By Yoichi Ito, Director of Forex Trade Office, Sumitomo Trust Bank]

[FBIS Translated Text] Beset by spreading misdirected "reports of speculation on the strong yen," world foreign exchange [forex] markets, especially those in Japan, are undergoing a quiet "hollowing." The impact consists of awkward foreign exchange rate movements and the creation of situations inspiring unanticipated movements in such rates.

The 37th "World Convention on Foreign Exchange in Osaka," which was held in the "Asian-Pacific Trade Center" of that city from 8 to 10 June, was permeated by a chilled atmosphere. Final efforts by sponsors of the convention resulted in the participation of over 1,000 individuals from 56 nations, but normal enthusiasm in the meeting was nowhere to be felt, there were only a few participants who remained until the completion of the convention, and groups "leaving midway" were conspicuous.

The fact that Osaka (Dojima) was the birthplace of futures trading (in rice) and the opening of the New Kansai International Airport were not enough to attract participants. Reasons for poor attendance at the convention included the expensive yen. The yen had just gone from 100 yen to 80 yen to the dollar, causing a roughly 20-percent increase in costs for attendees from overseas areas. The location of the convention was also bad. Among key world banks, there isn't a single bank with its Asian foreign exchange trading center located in Osaka. After the convention, all of the principal participants returned to Tokyo to hold separate conferences. In essence, this resulted in the duplication of expenses. From the very beginning, it was not an easy matter to assemble individuals engaged in foreign exchange trading in Osaka where there is no "foreign exchange market." The economizing mood of the industry also had an impact on the number of attendees.

#### **Diminishing Market Liquidity**

However, dampening enthusiasm for this year's foreign exchange convention even more than the geographical limitations of the foregoing nature was the market environment itself. People who see the frequent television portrayals of bank trading rooms depicting significant historical highs in the yen probably wonder "why." The reason is that they get the impression that the global foreign exchange markets are truly dynamic. However, such volatile price movements reveal one aspect of the problems currently plaguing the foreign exchange markets. The reason is that signs of excessive price movements are occasionally seen because of foreign exchange market "hollowing" and "oligopoly."

Many people are not conscious of the fact that foreign exchange markets have as their foremost inherent nature the quality of rare "liquidity," because they consider it to be a "given." Come to think of it, even though labeled in part with the same term, "market," today's Japanese real estate market is so lacking in "liquidity" that it is impossible to determine the bid and offering prices. The auction held for the former New Japan Hotel in Akasaka in the latter part of June once again failed to produce any buyers. Even in the stock market,



"liquidity" of individual issues is highly questionable. Certain situations frequently result in stocks which can be "bought," but cannot be "sold." Trading volume in the Japanese stock markets have declined significantly.

However, the story is different in the foreign exchange markets. The gap between bid and offer prices are normally limited to 10 sen. Moreover, even the execution of a sizable trade causes hardly a ripple in exchange rates. We are speaking of a market with a high degree of "liquidity." Television news coverage always indicates that the availability of foreign exchange quotes is a given. This serves as evidence that the high rate of liquidity of "foreign exchange markets" among the numerous existing markets is taken for granted.

The importance of this fact is readily discernible. As an example, if we were unable to determine foreign exchange rates as is the case with Japan's real estate markets when we are about to plan for overseas travel, we would be unable to decide how much yen we must have to purchase currency of the countries we intend to visit. When individuals travel overseas, they do not concern themselves with how much foreign exchange they will acquire. The reason is that they know that they can readily convert yen into foreign currencies.

The same is true with foreign trade and investments. As long as "liquidity" in conventional foreign exchange markets exist, export firms can remain confident that they can exchange proceeds for exports into domestic currency and institutional investors will likewise be able to recover their foreign investments in currencies of their native countries. Realistically thinking, foreign exchange market "liquidity" is a prerequisite for foreign trade, investment, and services in the global economy. In a broad sense, efficient foreign currency trading is a premise for successful growth in the world economy.

However, a matter which is becoming a major issue in today's global foreign exchange markets is the decline in the number of market participants and the accompanying decline in "market liquidity." "Market participants" include parties who deal in the market and are responsive at all times in quoting exchange rates at the request of other market participants and refer to banks, commercial firms, and institutional investors, among others, who engage in the formation of appropriate market exchange rates. As an example, in the early 1990s, major U.S. banks maintained several foreign exchange trading centers throughout Europe. Included were five locations such as London, Frankfurt, Zurich, Paris, and Luxembourg. When it came to the "foreign exchange convention," such banks would dispatch attendees from each of the five centers. However, such banks are undertaking extensive cost-reduction ef-

forts and are attempting to consolidate foreign exchange trading in places such as London. Such moves limited the number of individuals attending the Osaka Foreign Exchange Convention. Even Japanese banks are beginning to review their extensive foreign exchange trading organizations.

The impact of such moves will manifest in the form of oligopolies in the market place wherein exchange-rate control of certain banks will magnify, accompanied by destabilizing exchange-rate fluctuations. Oligopolies may seem to constitute an advantage to those who remain in the markets, but that is not the case. Foreign exchange markets constitute a huge network to disperse risk, but the formation of oligopolies signal the weakening of such networks. The reason is that each participant becomes a "tempest in a teapot." Instead of becoming an advantage, oligopolies will make it difficult at times to successfully process orders from clients in the marketplace. In other words, exchange rate movements will become awkward. In reality, during the several months starting from the end of last year and into the first part of this year, the volatile movements in foreign exchange prices were unprecedented in recent times. At times, bid and ask prices widened significantly. Unnecessarily wide swings in prices mean that exporters and institutional investors who have a need to engage in foreign exchange transactions may not necessarily obtain appropriate foreign exchange rates.

Although not afforded the media coverage of the depressed stock markets, the Japanese foreign exchange market's environmental decline is proceeding quietly. Foreign exchange brokers, appearing frequently on television in connection with fluctuations in foreign exchange rates, have abandoned unprofitable trading (brokerage in small amounts of currencies and option brokerage) and transferred trades to Singapore and Hong Kong, while banks are noticeably reducing the number of currencies in which they deal. In reality, recent Japanese foreign exchange markets have witnessed the sudden disappearance of long-standing prominent foreign bank dealers.

#### **"Actuals" or "Speculation"**

Reportedly, \$1 trillion are traded in global foreign exchange markets on a daily basis. Aside from spot transactions covered in newspapers and by television, the figure includes futures and swap trades. Trades limited to spot transactions are estimated to be below \$500 billion a day. These estimates are based on global surveys performed by the principal central banks of the world in Japan, the United States, and Germany on a triennial basis.



Daily volume of \$1 trillion means that global annual foreign exchange transactions total \$230 trillion based on annual trading days totaling 230 (exclusive of Sundays, Saturdays, and holidays). In contrast, the world's annual trade volume, published under the GATT is about \$8 trillion, or only 3.5 percent of the size of the foreign exchange markets. Even if other transactions, such as foreign travel, tangible foreign actuals, and securities investments are included, foreign exchange transactions covered by the term "actuals" would total no more than just over 10 percent of all such transactions. These facts could probably serve as the basis for the remarks made in Japan that "90 percent of foreign exchange trading involves speculation."

However, such remarks represent a major fallacy. As an example, in the real marketplace, "actuals" trigger a series of interbank transactions. The reason is the aspect of risk dispersion and the existence of controls concerning public and intrabank holdings and the authority vested in each dealer. Such interbank transactions assume a chain reaction until the actuals reach a bank which is willing to maintain dollar holdings; that bank normally has clients with a need for dollars.

There is no doubt that trades tallied as "actuals" involves foreign exchange transactions by manufacturers, investors, and individuals who first place an order with a bank, but processing of such "actuals" and effecting interbank trades in the marketplace involve a truly complex series of foreign exchange transactions. A considerable portion of \$1 trillion in daily foreign exchange trading involves interbank transactions to match actuals on one side with actuals on the other side, while the very existence of such interbank trading enables Japanese export manufacturers to sell dollars, Japanese institutional investors to buy foreign currency, and for U.S. annuity fund managers to evacuate investments in Japan in foreign currencies. Such circumstances ensure "liquidity" peculiar to foreign exchange markets.

I will deviate somewhat from the main course of discussion, but the recent high yen has inspired a variety of debate including "theory of strong-yen speculation" and "theory on the regulation of foreign exchange markets." Additionally, there are sources which consider the \$1 trillion a day foreign exchange markets to be a problem, but each of these discussions are considerably misguided.

The "theory of strong-yen speculation" essentially overlooks the fact that the majority of market participants observe movements of funds (to cover sales and purchases by export-importers, foreign exchange relative to travel, and overseas investments in actuals) in the marketplace and engage in foreign exchange transac-

tions from a defensive standpoint. There is no doubt that some market participants "anticipate" fluctuations in currencies and attempt to profit from such movements, but such trades have limitations in "profits and loss tied to time limits," must be consummated within time limits, and are mutually offsetting in terms of their impact on the foreign exchange markets.

If the "theory on the regulation of foreign exchange markets" is of a nature that undermines the "liquidity" of markets, it would be tantamount to imposing major restrictions on the world economy as well as its growth. First, if we were to speak in terms of the size of the markets, we can assume that the daily foreign exchange market trading volume of \$1 trillion guarantees its "liquidity." This fact is substantiated by history. If the size of foreign exchange markets were to decline to a daily volume of \$500 billion, there is the risk that price fluctuations will double. Even if we were to think in terms of regulation, we must afford the highest priority to the element of market liquidity.

### **Intensifying Price Fluctuations**

There are several reasons why foreign exchange markets which pride themselves in a daily trading volume of \$1 trillion are witnessing a gradual decline in participants leading to worldwide oligopolies and a hollowing of markets, primarily in Japan.

One of them involves the weakening of the worldwide capital base of financial institutions. Especially in the case of Japan, undeclared profits based on stocks have declined substantially. At one time, they could use their strong capital base including undeclared stock profits as a vehicle for active foreign exchange trading including foreign investments, but such undeclared stock profits have fallen significantly. Further, Japanese institutional investor enthusiasm for overseas investments remain subdued. This worldwide decline in enthusiasm for overseas investments is epitomized in a well-used recent term called "risk aversion."

Secondly, there are cost-reduction and restructuring efforts in progress primarily with U.S. banks. U.S. banks are in the process of closing or consolidating their numerous European foreign exchange offices and even in the United States are scaling back operations at nonmajor centers such as Los Angeles or consolidating such offices with those located in New York and Chicago. This is a case where actions thought to be in the best interests of individual banks are functioning to jeopardize the stability of overall markets.

As factors peculiar to Japan, there is the structural problem wherein tax systems of office rental fees all function to impose relatively higher costs. Reportedly,



the hiring of capable dealers with salaries of equal buying power requires the payment in Japan of salaries that are double those in Hong Kong and Singapore. The reason is that personal income taxes in Japan are relatively higher than in Hong Kong and Singapore. And, even though office rental fees have fallen in Japan, they are still relatively higher than in places like Singapore. Further, if back office help is hired in Japan who are capable of functioning in English, such individuals are treated as possessing "special skills," whereas in Hong Kong and Singapore, the ability to speak English is neither a "special skill" nor anything else. That factor alone represents the ability to hire people with standard qualifications and the ability to reduce costs. Such environmental factors have recently become a major cause for selected foreign banks in Tokyo to transfer a portion of or all of their foreign exchange operations to Hong Kong and Singapore.

The ill effects of hollowing and oligopolies in the foreign exchange markets are appearing in a variety of ways. First, once foreign exchange transactions begin to take place, there is the increased probability of volatile price fluctuations. The foreign exchange fluctuations from the end of last year to May of this year imposed a feeling of vague apprehension on the part of those who had engaged in the markets for many years. Only several minutes had transpired when prices had moved as much as several hundred basis points. Moreover, during such stages, either bid and offer prices would vanish and the spreads would become excessive. Such circumstances would preclude the orderly execution of client orders. Continuation of such circumstances would inevitably have an adverse impact on the economy as a whole.

Foreign exchange prices have difficulty in running off in a tangent, as long as foreign exchange market participants are numerous, trading volume is high, and the market is composed of participants with divergent views. The reason is that the situation provides risk takers that are willing to sell strong currencies and buy weak currencies.

Needless to say, although we speak of foreign exchange market hollowing and oligopolies being a problem, the overall situation is still lacking in any significant issue of this nature. Travelers can always purchase dollars and exporters can exchange foreign exchange proceeds from exports into Japanese currency. Also, there has been no change in the situation where institutional investors can obtain any kind of currency to be used in connection with overseas investments. However, the current decline in money center banks which participate aggressively in foreign exchange markets must be treated as a very serious problem equal to the hollowing of the stock markets. The reason is that any future minor foreign

exchange currency fluctuation could lead to overall instability in the market and preclude the completion of such trades.

Tokyo markets already reflect a significant decline in the liquidity of currencies other than the dollar and yen. As an example, in the case of dollar-mark transactions, which equal the dollar and yen in principal currency transactions, it may not be so in London markets, but liquidity has declined significantly in Tokyo markets and only a few banks are actively engaged in interbank trading of those transactions. Logically, such circumstances lead to a wide disparity between bid and ask prices when the exchange rates begin to move. Further, during Asian trading hours, volume on the Singapore markets sometimes exceeds that of the Tokyo markets. Such a situation was inconceivable a few years ago.

### **Markets Reflect Real Economy**

Debate concerning "hollowing" is active relative to a variety of sectors of the Japanese economy. However, for some unknown reason, there is little debate concerning the significant change in foreign exchange markets of the recent several years. That was because foreign exchange through the process of a "strong yen" was a main cause for the "hollowing" of the Japanese economy. However, the foreign exchange markets created a "strong yen" because the fundamentally huge foreign trade surplus of the Japanese economy was accompanied by a lack of foreign investment leading to "strong-yen pressure." Markets are reflective of the real economy, and do not act contrarily. The fact that the 80 yen range has stabilized, even though it is termed "unusual," indicates that factors prevail in the marketplace which are supportive of such pricing.

While the post-Cold War global economy transitions from a "market economy of one billion people" to a "market economy of four billion" and the price structure (for goods and wages) is revised downward, "hollowing" in a variety of sectors has been caused by severe indigestion in the high-cost Japanese economy and marketplace. The strong yen merely served to exacerbate the indigestion.

However, the strong-yen trend can be braked only if drastic action is taken in the Japanese economic structure which has created the huge foreign exchange surplus. Giving priority to the restoration of soundness in the economy as a whole including the stock markets is probably the fastest way to brake the strong yen as well as the "hollowing" advancing in various sectors of the Japanese economy.



**Koichi Kato on General Election, Realignment**

OW0410125695 Tokyo SANKEI SHIMBUN  
in Japanese 28 Sep 95 Morning Edition p 3

[Interview with Koichi Kato, secretary general of the Liberal Democratic Party, by SANKEI SHIMBUN on 27 September; place not given; first paragraph is newspaper introduction]

[FBIS Translated Text] Koichi Kato, who has taken over as the new secretary general of the Liberal Democratic Party [LDP], granted an interview to SANKEI SHIMBUN on 27 September and indicated that a further regrouping of political parties would be difficult before the next general election. However, he hinted that after the election, the LDP may collaborate with Hajime Funada of the New Frontier Party's [NFP] "group to study the qualities of a prime minister" and other members who distance themselves from the NFP leadership.

[SANKEI SHIMBUN] How do you intend to steer the party?

[Kato] The greatest task is to lay a foundation on which the party can win in the lower house election under a new election system. I want to create an atmosphere in which both the strength of the veteran politicians and the vitality of the younger generation politicians can be fully exploited.

[SANKEI SHIMBUN] The LDP lost to the NFP in the last upper house election, and the voter turnout rate was a meager 55 percent at the latest LDP presidential election. How do you feel about that?

[Kato] The better the coalition alliance with the Social Democratic Party of Japan [SDPJ] and Sakigake [Harbinger Party] fares, the harder it is to see differences in the parties' policies. The LDP will clearly present what it wants to do. I want to determine whether the party itself is conducting activities reflecting the needs of the times.

[SANKEI SHIMBUN] What is the party's strategy at the extraordinary Diet session, particularly in regard to the issue of revising the law regulating religious organizations?

[Kato] The greatest task is conducting deliberations over the proposed package of comprehensive economic measures and the second supplementary budget. We should also study why Aum Shinrikyo-related incidents occurred as well as how religious organizations ought to be. We do not have any particular political intentions in mind. We would like to rule out prejudice, draw opinions from various sectors of the Japanese public, conduct debate, and see the (amended) law enacted.

[SANKEI SHIMBUN] Will a special panel be set up in regard to the law regulating religious organizations?

[Kato] There have been intensive debates within the party on this matter, but we have not discussed it with the SDPJ nor Sakigake. We plan to hold discussions among the three parties beginning 28 September. Since there is high interest in this topic, broader discussions can be held if there is a large committee in which many members can participate.

**No Early Diet Dissolution**

[SANKEI SHIMBUN] When do you think it would be appropriate to dissolve the Diet and hold a general election?

[Kato] That topic is not being discussed right now. That is something that can be considered only after completion of Diet deliberations on the next fiscal budget. Since the next general election will be held under a new election system, we will be required to spend more time and exercise greater efforts than ever before in election campaigns. It is important to continuously implement pump-priming measures, and we must avoid creating a political vacuum. Concerns have been raised in some quarters of the SDPJ and Sakigake that the Diet may be dissolved as a result of the ruling and opposition parties' clashing over the law regulating religious organizations. We do not think that will happen.

[SANKEI SHIMBUN] How will the LDP approach various corporations and organizations in view of the next general election?

[Kato] Although we will ask support organizations to back us up, the days are gone when election victory was guaranteed if organizational support was secured. Under a single-seat constituency system, political parties will all try to get 51 percent of the voters to support them. Consequently, their policies will tend to be all-inclusive, and voters will find it hard to see any policy differences among the parties. In this case, individual politicians, the vitality of a party, and the party leader's image will be significant. Organized, mechanical vote-collecting alone will not be consistent with the people's political awareness.

**Collaboration With Mr. Funada**

[SANKEI SHIMBUN] Will the SDPJ's planned creation of a new party have any effect on the coalition alliance?

[Kato] I do not even know if Mr. Yokomichi [former Hokkaido Governor Takahiro Yokomichi] will become head of the new party, so I cannot make any predictions.



However, we can persuade the SDPJ and Sakigake to understand our position on tax system reform, defense policy, and other issues.

[SANKEI SHIMBUN] What is your view on the regrouping of political parties?

[Kato] It will be difficult for politicians to start taking any action until after the next general election. There seem to be talks about the idea of a conservative-conservative alliance but it will not be simple because conservative candidates will actually be competing with each other in single-seat constituencies. We have yet to determine around what central concept further political realignment will occur after the next general election.

[SANKEI SHIMBUN] Do you plan to continue cherishing your ties with Mr. Funada and his group?

[Kato] There are hardly any politicians in the NFP who are freely debating the current political situation, regrouping of political parties, or the law regulating religious organizations. Mr. Funada is under pressure. I would reply "no" if I were asked whether I considered the NFP a modern Japanese political party. However, I plan to talk with members who I feel have common sense. It is possible that we may engage in the same political activities with people who can share the traditional LDP idea of conducting debates in the open, criticizing a dual power structure and high-handed politics. There are many such dietmen in the SDPJ and Sakigake, too.

[SANKEI SHIMBUN] Are you considering including NFP Secretary General Ichiro Ozawa as well as NFP dietmen formerly belonging to Komeito [Clean Government Party] in this group?

[Kato] I do not want to mention individual names but the criteria is clear.

[SANKEI SHIMBUN] What do you plan to do about the [policy study] group Shinseiki [New Century]?

[Kato] Now that I have become LDP secretary general, I must be very careful about being the leader of a particular group that is influential within the party. However, "Shinseiki" is an important group that also has persuasive influence outside the party. I should probably step down to an advisory position and have someone else head the group.

[SANKEI SHIMBUN] When does the LDP plan to decide on candidates to run in single-seat constituencies?

[Kato] We will try to fill all 300 slots within the year. Even if we filled the slots high-handedly, we cannot win in the single-seat constituencies without cooperation [among the coalition parties].

[SANKEI SHIMBUN] How does the LDP plan to cooperate [in the general election] with the SDPJ and Sakigake?

[Kato] Cooperation will be on a case-by-case basis.

#### **Yamasaki on LDP Policies, General Election**

OW0410131495 Tokyo SANKEI SHIMBUN  
in Japanese 30 Sep 95 Morning Edition p 3

[Interview with Taku Yamasaki, chairman of the Liberal Democratic Party Policy Research Council, by SANKEI SHIMBUN on 29 September; place not given; first paragraph is newspaper introduction]

[FBIS Translated Text] On 29 September, Taku Yamasaki, chairman of the Liberal Democratic Party [LDP] Policy Research Council, granted an interview to SANKEI SHIMBUN and disclosed that as an official in charge of the party's policy affairs, he plans to emphasize working out policies with an eye to the realization of an administration led by the party's president. Yamasaki also stressed that the Diet should be dissolved and followed by a general election after Ryutaro Hashimoto, LDP president and concurrently minister of international trade and industry, has been inaugurated as the new prime minister after Prime Minister Tomichi Murayama's resignation following the passage of the FY96 budget.

#### **The Three Parties Should Work Together Faithfully**

[SANKEI SHIMBUN] How does the LDP plan to appeal its identity in terms of policies now that the party is under a new president?

[Yamasaki] The party will firmly adopt the president's desire to aggressively pursue Japan's gaining a permanent seat in the UN Security Council under the condition that Japan can secure the backing of UN member nations. The issue of establishing an insurance system for the care of the elderly will also be on the agenda at the next ordinary Diet session. With an eye to inaugurating an administration with the party president as the prime minister, it is also a task for the LDP to work on policies such as the construction of new national axes of regional links.

[SANKEI SHIMBUN] Will it become necessary to review the existing tripartite agreement?

[Yamasaki] As a rule, the three parties should faithfully carry out the agreement as long as the current administration continues to exist. We will have to see if it will become necessary to add new policy accords.

[SANKEI SHIMBUN] Is there any possibility that the current coalition framework may collapse if the parties fail to coordinate policies?



[Yamasaki] We care about the coalition framework in the same way we care about our president. We will try to make sure that the framework will not collapse. At the same time, it is necessary for the three parties to present their own policies in preparation for the next general election.

[SANKEI SHIMBUN] Are there any differences in views among the ruling parties over tax system reform?

[Yamasaki] The three parties will begin studying the issue together next month. We need to debate vigorously because adjustments have to be made in many areas. Basically, what needs to be reviewed should be reviewed in regard to taxation on possession, sales, and purchases of land.

### **Thorough Deliberations Should Be Conducted**

[SANKEI SHIMBUN] Do you think that amendments to the law regulating religious organizations will be enacted during the current Diet session?

[Yamasaki] We plan to set up a special committee and hope to have the bill enacted following thorough deliberations. However, based on my experiences as the former chairman of the LDP Diet Affairs Committee, I feel that it will be extremely difficult to conduct thorough debates in what limited time we have.

[SANKEI SHIMBUN] Will it become necessary to extend the current session?

[Yamasaki] That depends on the political situation and has yet to be determined.

[SANKEI SHIMBUN] There seems to be opposition in some quarters of the LDP to revising the law regulating religious organizations. How do you feel about that?

[Yamasaki] They should not bring up arguments when the government drafts the bill. It should be thoroughly debated after it has been submitted to the Diet. Since this will be a very important, historical bill, what needs to be revised should be revised accordingly. There will be nothing left if the bill is cut up before it even has a chance to be submitted to the Diet. The ruling parties should also have the bill submitted without getting involved in too deep a discussion over it.

[SANKEI SHIMBUN] How do you feel about the issue of applying the subversive activities prevention law against Aum Shinrikyo?

[Yamasaki] It is possible that the law may be applied but this can have strong side effects since it implies the exercise of governmental authority. Therefore, I am neutral about whether the law should be applied.

### **The Ball Game Has Entered the Final Innings**

[SANKEI SHIMBUN] When do you think the Diet will be dissolved and a general election held?

[Yamasaki] Comparing the current political situation to a baseball game, Prime Minister Murayama has completed pitching six innings. We would like to see him pitch three more innings and win the ball game. However, after he has completed pitching one whole game, we would like to see him retire to the bench. We plan to have LDP President Hashimoto as the next pitcher, although this may have to be discussed among the three parties. Having a new pitcher in a new ball game at a different ball park means the Diet has to be dissolved and followed by a general election. Murayama will have completed his role as a pitcher in his game when the FY96 budget has been approved.

[SANKEI SHIMBUN] What will be the future course of action to be followed by "YKK" trio you have formed with Koichi Kato, LDP secretary general, and Junichiro Koizumi, former minister of posts and telecommunications, and the "Shinseiki Group [New Century]"?

[Yamasaki] I would like to see a new leadership formed around Mr. Koizumi. As to the future course of action, I feel the group should serve as an antenna for the LDP by promoting exchanges with other political parties and various groups including the Japan Trade Union Confederation [Rengo] on the assumption that Japanese politics will be restructured through the regrouping of political parties.

[SANKEI SHIMBUN] What will become of your relationship with Mr. Kato?

[Yamasaki] I think it will be all right for Mr. Kato to become an adviser. It would be undesirable for him to remain a leader because there may be times when he may have to attend other groups' meetings.

[SANKEI SHIMBUN] How do you intend to keep the former Watanabe faction together in the future?

[Yamasaki] With the implementation of the new election system, barriers between factions will inevitably disappear. A flexible approach is necessary here; a collective leadership will be fine.

[SANKEI SHIMBUN] What does the LDP intend to do when no single party succeeds in gaining a majority in the next general election?

[Yamasaki] If possible, we would like to gain a majority. However, since we cannot predict the outcome, we have come up with a slogan calling for an administration with the LDP president as the prime minister. This slogan suggests our intentions.



[SANKEI SHIMBUN] Do you intend to collaborate with Hajime Funada, former Economic Planning Agency director general, of the New Frontier Party?

[Yamasaki] Problems involving responsibility may arise if someone belonging to the party leadership should engage in such activities. Therefore, it is desirable that younger politicians with lighter responsibilities freely intermingle with people like Mr. Funada.

**Article Discusses Antimony in Hashimoto-Led LDP**  
*OW0410120395 Tokyo NIHON KEIZAI SHIMBUN in Japanese 28 Sep 95 Morning Edition p 2*

[Second in the series "Analysis of 'Hashimoto-led LDP'"; this installment entitled "Antimony in Policy-making — Revival of LDP Color Creates a Stir in Government"]

[FBIS Translated Text] Policy debates between Ryutaro Hashimoto and Junichiro Koizumi in the Liberal Democratic Party [LDP] presidential election clarified the LDP's strong desire to reconstruct a one-party government. Hashimoto called for "restoration of LDP color" during the election campaigns, and he is very likely to enforce the LDP's opinions in the policy-making process of the ruling coalition. The LDP suffered apparent defeats in the nationwide local elections and the upper house election because the party failed to promote its "own policies" to the voters in too much consideration for the framework of the three-party coalition. Now that the Social Democratic Party of Japan [SDPJ] and Sakigake [Harbinger Party] are becoming wary of LDP "hegemony," the new LDP administration will face difficulties in policy coordination.

#### **Consideration for SDPJ, Sakigake**

Hashimoto checked the reelection of former LDP President Yohei Kono by gaining party member's support for his "LDPesque" policies in such fields as economics, diplomacy, and security. For Hashimoto, retreats in "LDP policies" means losing justification for his leadership.

However, the coalition government will certainly become unstable if the LDP enforces its opinions more candidly. The SDPJ and some other political groups consider Hashimoto's pledge on tax system reform, such as a freeze on the land tax and abolition of the securities transaction tax, is totally unacceptable as "redressing unequal taxations" is their highest priority. Sakigake is strengthening its criticism of Hashimoto's interest in Japan's permanent membership in the UN Security Council. The three coalition parties will certainly have difficulties in policy coordination.

Under such circumstances, younger and mid-ranking LDP legislators are beginning to insist "it is undesirable to break up with coalition partners and to head for an early general election at this time."

In a news conference held immediately after the LDP presidential election, Hashimoto carefully described his stance toward policy coordination with coalition partners as "putting the LDP policies into coalition accords and trying our best to realize the policies." It appeared Hashimoto had a dilemma between demands for LDP policies and the need for maintaining the coalition. At a 26 September meeting of coalition party heads, Hashimoto confirmed an LDP policy maintaining the tripartite accord reached among coalition partners as if he was showing consideration for the SDPJ and Sakigake.

#### **Gap Created by "Advent of New Generation"**

Meanwhile, the LDP has some internal problems that may affect the party's policy-making process. LDP Secretary General Koichi Kato, Policy Research Council Chairman Taku Yamasaki, and Koizumi are known as the so-called YKK trio, and Kato powerfully took the initiative in getting the policy board chairmanship for Yamasaki. Older LDP dietmen express their concern over the pro-Koizumi leaders occupying the party's top management posts.

The new LDP administration intends to create "special adviser" posts in the party to offer attractive posts to senior members in such policy fields as economy, foreign affairs, administrative reform, and elections. Still, it would not be very easy to patch up the gap caused by the "rise of the new generation" clarified through the presidential election and the subsequent appointments of top party executives.

Some LDP watchers note relations between Hashimoto and Kato are too sensitive. During courtesy calls on influential LDP members and leaders of other parties following his inauguration as LDP president, Hashimoto invited Kato into his car, and closely discussed various topics from party management to specific policy issues.

#### **Hashimoto-Kato Honeymoon?**

Some LDP members said "the honeymoon relationship between Hashimoto and Kato is unlikely to last long since each of them is too conscious of his own policy-making capability." The ruling parties have so far been coordinating policies relying on cooperative relations among Kato, SDPJ Policy Board Chairman Nobuyuki Sekiyama, and Sakigake Policy Board Chairman Naoto Kan. However, it is uncertain how hawkish Yamasaki will deal with his counterparts.



With the extraordinary Diet session near at hand, the "Hashimoto-led LDP" will have to create policies under the antimony of demands for "LDPesque" policies and the need for assisting the coalition government.

#### **Panel Report To Recommend NTT Breakup**

*OW0110101295 Tokyo KYODO in English*  
0820 GMT 1 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 1 KYODO — A private study panel on the future of the telecommunications industry has compiled a report suggesting that domestic telecom giant Nippon Telegraph and Telephone Corp. (NTT) be divided into regional and long-distance companies to ensure fair competition in the domestic telecom market, group sources said Sunday [1 October].

The report also calls for lowering barriers between domestic and international telecommunications to strengthen the competitive edge of the country's telecommunications industry in the global market.

The report, drawn up by the panel under the director general of the Telecommunications Bureau at the Posts and Telecommunications Ministry, is expected to have great influence on discussions under way at the Telecommunications Council, according to the sources.

The council, an advisory body to the posts minister, is scheduled to work out a report next February on splitting the telecom giant.

In an apparent move to appease mounting calls for its division, NTT President Masashi Kojima said last week that NTT plans to fully open its local telephone-line network for use by other telecom companies.

The local telephone-line network is virtually monopolized by NTT because NTT permits other common carriers to connect their lines to its local phone network only through a single point of interface in each prefecture in the country.

The report points to the need to break NTT's monopoly on the local telephone network in order to ensure fair competition.

To dissolve NTT's monopolized position in the regional telephone field, the report cites two measures — one to divide NTT's local telephone business into several companies after separating NTT's regional and long-distance telephone services.

The other way mentioned by the report is to keep NTT's current local telephone-line network unchanged and to step up administrative monitoring to prevent NTT from abusing its monopoly.

The report, however, implicitly recommends the division of NTT by pointing out that stepped-up administrative intervention would hinder deregulation in the domestic telecom area.

In the field of international telecommunications, the report stresses the need to give telecom companies access to both the domestic and overseas markets.

The report is seen as giving NTT a chance to enter the international telecom market after its local and long-distance telephone services are divided.

#### **MPT Official Urges Decision on NTT Breakup**

*OW0510113595 Tokyo KYODO in English*  
0858 GMT 5 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 5 KYODO — The issue of splitting Nippon Telegraph and Telephone Corp. (NTT) should be decided as soon as possible, the vice minister of posts and telecommunications said Thursday [5 September].

A proposal should be determined by the Postal Services Council in its report to be submitted in February, Haruki Matsuno said at a press conference.

He said the Ministry of Posts and Telecommunications [MPT] should then make a decision on the issue which has been hanging in the air for 10 years since the largest telecommunications company was privatized.

Matsuno was responding to recent calls by some business leaders and NTT management itself that before discussing the NTT breakup, the matter of deregulation in the telecom industry should be tackled.

Their argument is based on the fact that NTT has recently decided to allow other telecom service operators to connect their lines to NTT networks, dodging the issue that stems from its near monopoly in the telecom industry.

Matsuno said, however, allowing access to its network for other telecom operators is "only proper" and "that does not solve everything."

Asked about the recent report calling for an NTT divestiture by a ministry study group, Matsuno said it is not the decision of the ministry as a whole.

"The ministry has already made up its mind" about the issue, he added.



## North Korea

### Official Views Pak Yong-kil Detention

SK0410142195 *Pyongyang KCNA in English*  
1006 GMT 4 Oct 95

[FBIS Transcribed Text] Pyongyang, October 4 (KCNA) — Kim Kap-chin, vice-chairman and director general of the federation of Korean traders and industrialists in Japan, denounced the Kim Yong-sam puppet clique for having detained and indicted Pak Yong-kil by invoking the "National Security Law."

He in a statement dated October 2 said Pak Yong-kil's visit to Pyongyang is a praiseworthy patriotic deed and it cannot be incriminated in any case.

He urged the Kim Yong-sam clique to put an immediate halt to the persecution of Pak Yong-kil, a pro-reunification patriot and unconditionally set her free at once.

Korean traders and industrialists in Japan will wage a powerful struggle to strengthen great national unity with "Mindan"-lining ["Mindan"-affiliated] Koreans in Japan, South Koreans and five million Koreans overseas, rescue Pak Yong-kil and achieve reunification by confederacy formula in the 90s, he added.

### Libyan Presents Gift From Al-Qadhdhafi

SK0410144095 *Pyongyang KCNA in English*  
1026 GMT 4 Oct 95

[FBIS Transcribed Text] Pyongyang, October 4 (KCNA) — The great leader Comrade Kim Chong-il received a gift from Mu'ammarr Al-Qadhdhafi, leader of the Great September First Revolution of the great Socialist People's Libyan Arab Jamahiriya.

It was handed to an official concerned by Marine Wealth Secretary of the General People's Committee Miftah M. Ku'aybah who is heading a Libyan delegation on a visit to Korea.

### Presents Gift From Delegation

SK0410144195 *Pyongyang KCNA in English*  
1027 GMT 4 Oct 95

[FBIS Transcribed Text] Pyongyang, October 4 (KCNA) — The great leader Comrade Kim Chong-il received a gift from the visiting delegation of the great Socialist People's Libyan Arab Jamahiriya.

It was handed to an official concerned by head of the delegation Miftah M. Ku'aybah, marine wealth secretary of the General People's Committee of Libya.

## Meets With Pak Song-chol

SK0510034695 *Pyongyang KCNA in English*  
1533 GMT 4 Oct 95

[FBIS Transcribed Text] Pyongyang, October 4 (KCNA) — Vice-president Pak Song-chol met and had a friendly conversation with the visiting delegation of the Great Socialist People's Libyan Arab Jamahiriya led by Miftah M. Ku'aybah, marine wealth secretary of the General People's Committee, at the Mansudae Assembly Hall today.

Present at the meeting were Chairman of the State External Economic Affairs Yi Song-tae and acting Secretary of the People's Committee of the People's Bureau of Libya here Ramadan Muhammad el Laubi [name as received].

The head of the delegation said Libya and Korea have special relations of friendship established by the great leader President Kim Il-song together with the leader of the Libyan people, Col. Mu'ammarr al-Qadhdhafi and that the Libyan people hoped that the relations will continue developing.

Noting that the peoples of the two countries are standing together in the same front against the U.S.-led imperialism, he stressed the need to strengthen political and economic cooperation between the two countries.

### 14th Congress of Scientists Held in Japan

SK0410213895 *Pyongyang KCNA in English*  
1530 GMT 4 Oct 95

[FBIS Transcribed Text] Tokyo, October 2 (KNS-KCNA) — The 14th Congress of the Association of Korean Scientists and Technicians in Japan was held in Tokyo on September 30.

The meeting was attended by Vice-Chairman of the Central Standing Committee of the General Association of Korean Residents in Japan Kwon Sun-hwi and vice-chairmen of the Association of Korean Scientists and Technicians in Japan and delegates.

In his report at the congress, Yi Si-ku, chairman of the association, said the last three years were a historic period full of shining victory as education in the greatness of respected General Kim Chong-il was intensified and the organisation was built up as intended by him.

"In order to develop the patriotic movement onto a new higher stage, we must firmly unite Korean scientists, technicians and producers and train them as masters," he said.



He called for holding the great leader Generalissimo Kim Il-song in high esteem for ever and vigorously working to create a new history in science and technology with confidence in victory, united around General Kim Chong-il with a single heart.

The congress elected the chairman, vice-chairmen, permanent adviser, advisers and central councillors of the association.

Pak Un-sung was elected its chairman.

Kwon Sun-hwi spoke at the congress.

A letter to Marshal Kim Chong-il was read out at the congress.

#### **Points of Kim Chong-il's 2 Oct Work Viewed**

*SK0510025195 Pyongyang KCNA in English  
2212 GMT 4 Oct 95*

["Comrade Kim Chong-il Publishes Work, Vowing Loyalty to President Kim Il-song's Idea and Feats" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 5 (KCNA) — The great leader Comrade Kim Chong-il published "The Workers' Party of Korea [WPK] Is the Party of the Great Leader Comrade Kim Il-song" on October 2.

In the work that came on the threshold of the 50th anniversary of the WPK, he elaborated on the great exploits of President Kim Il-song in the cause of building the WPK and on important tasks to exalt the WPK as the party of Comrade Kim Il-song forever.

Comrade Kim Chong-il said among other things:

The Workers' Party of Korea will loyally carry forward and develop the idea and exploits of the great leader Comrade Kim Il-song and carry to completion his cause generation after generation.

Under the wise leadership of Comrade Kim Il-song, the WPK was founded as a new-type working-class party and has grown in strength to be a tempered, tested and experienced revolutionary party and an invincible party that enjoys absolute support and trust from the people in the struggle of half a century.

The history of the WPK is precisely a great history of the revolutionary activities of respected Comrade Kim Il-song.

The WPK is the party of the great leader Comrade Kim Il-song and the 50-year-long history of the WPK shines with the great August name and feats of Comrade Kim Il-song. Comrade Kim Il-song's August name and feats will be immortal along with the history of the WPK.

Comrade Kim Il-song built the WPK into a revolutionary party with a monolithic ideological system, strong organisation and discipline and a mass party deeply rooted among the broad masses of people and built it with a far-sighted plan so that it may carry forward its cause generation after generation.

Over the last 50 years since its foundation, the WPK has led the people to win a great victory in the revolution and construction and accumulated a valuable wealth of experience.

The experience of our revolution most eloquently proves that the people who fight for their just cause, closely united under the leadership of their great leader and great party are invincible and that the present time is a new age of history, the age of independence when the popular masses have emerged as the masters of their destinies.

The WPK has consistently pursued a policy of national reunification based on the three principles of independence, peaceful reunification and great national unity. The growing pro-reunification forces of our nation will smash the home and foreign separatist forces and certainly accomplish the cause of national reunification.

The WPK has led the people's cause of independence to a shining victory and performed great exploits because it strictly applied the *chuche* principle and method of leadership in the revolution and construction.

Respected Comrade Kim Il-song was the great leader of the people and their father. He mixed with the people, shared weal and woe with them and devoted everything to them all his life.

The WPK has firmly established *chuche* and held fast to the line of independence in leading the revolution and construction.

Our party and people have held fast to their *chuche* position and line of independence so that they did not waver under the storm of opportunism, including modern revisionism, and could defend and exalt our socialism under the rigorous situation in which socialism collapsed in some countries.

Our party has held fast to the revolutionary principle in leading the revolution and construction and implemented the revolutionary line and policy consistently.

Never has our party deviated from the revolutionary principle, wavered without principle and made a mistake in policy-making in the whole course of leading the revolution and construction.

The great exploits and valuable experience of the WPK in its building and activity and in the revolution and



construction are a brilliant fruition of the revolutionary idea and leadership of the respected leader Comrade Kim Il-song and a treasure of eternal value for our revolution, which we should defend and hand down generation after generation.

No matter what a long and difficult way our revolution pioneered and led by the great leader Comrade Kim Il-song may have to go, we should keep to this way, true to the behests of Comrade Kim Il-song. This is an unshakable faith and will of the Workers' Party of Korea.

We should uphold respected Comrade Kim Il-song as the eternal leader of the WPK and the revolution and strengthen the WPK as a glorious party of Comrade Kim Il-song forever.

**Kim Chong-il's Work Emphasizes Loyalty**

*SK0510021495 Pyongyang KCNA in English  
2137 GMT 4 Oct 95*

["Comrade Kim Chong-il Vows To Be Unfailingly Loyal to President Kim Il-song's Behests" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 5 (KCNA) — The great leader Comrade Kim Chong-il said: No matter what a long and difficult way our revolution pioneered and led by the great leader Comrade Kim Il-song may have to go, we should keep to this way, true to the behests of Comrade Kim Il-song.

He stressed that this is an unshakable faith and will of the Workers' Party of Korea [WPK].

Comrade Kim Chong-il made clear the unshakable position in "The Workers' Party of Korea Is the Party of the Great Leader Comrade Kim Il-song", a work published on October 2.

He in the lengthy work said among other things:

The Workers' Party of Korea is the party of the great leader Comrade Kim Il-song and the 50-year-long history of the Workers' Party of Korea shines with the great august name and feats of Comrade Kim Il-song. Comrade Kim Il-song's august name and feats will be immortal along with the history of the Workers' Party of Korea.

We should defend and add lustre to the Korean-style socialism centered on the popular masses provided by respected Comrade Kim Il-song and carry to completion the socialist cause of *chuche*.

We should accomplish, without fail, the cause of national reunification, a demand vital for the whole nation, on the principles of independence, peaceful

reunification and great national unity put forward by Comrade Kim Il-song.

The *chuche* idea of the great leader Comrade Kim Il-song should be resolutely defended and embodied in full and the party should be filled with the *chuche* idea, one ideology.

A struggle should be carried on to prevent the infiltration of bourgeois reactionary idea, revisionism and all other opportunist ideas and there should be no place for alien ideas to set foot and grow in the inside of ours.

The spirit of unity, the habit of unity, should be prevailing in the party at all times.

As we have moved forward, breaking through difficulties on the strength of the singlehearted unity of the party and the people, so we should pave the road of victory and glory on the strength of this singlehearted unity.

The Workers' Party of Korea will loyally carry forward and develop the idea and exploits of the great leader Comrade Kim Il-song and carry to completion his cause generation after generation.

**Kim Chong-il Warns of 'Threat of Imperialism'**

*SK0510021595 Pyongyang KCNA in English  
2155 GMT 4 Oct 95*

["Imperialist Moves Can Never Undermine Korean Socialism, Says Comrade Kim Chong-il" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 5 (KCNA) — With no pressure, blockade and threat can imperialism undermine our socialism, said the great leader Comrade Kim Chong-il in his newly published work "The Workers' Party of Korea Is the Party of the Great Leader Comrade Kim Il-song."

He said among other things:

Our party and people have held fast to their *chuche* position and line of independence so that they did not waver under the storm of opportunism, including modern revisionism, and could defend and exalt our socialism under the rigorous situation in which socialism collapsed in some countries.

Our political and ideological strength, powerful socialist independent economy and invincible self-reliant military strength, which our party and people have firmly consolidated by implementing the revolutionary line of independence, self-sufficiency and self-reliance in national defence, serve as a dependable guarantee for defending the sovereignty of the country and the gains of the revolution, victoriously advancing the revolution



and construction and providing against aggression and intervention of imperialism and dominationism.

The situation shows that political and diplomatic pressure, ideological and cultural campaign, economic blockade and military threat of imperialism can neither infringe on the sovereignty of our country nor undermine and stifle our socialism.

#### **Book Published on Kim Chong-il's Personality**

*SK0410213695 Pyongyang KCNA in English*  
1526 GMT 4 Oct 95

[FBIS Transcribed Text] Pyongyang, October 4 (KCNA) — The Workers' Party of Korea Publishing House recently brought out reminiscences "Great Personality of Kim Chong-il" (1).

The memoirs is manuscripts left by the late Ho Tam, who was Politburo member and secretary of the WPK Central Committee.

He collected materials from a hundred and scores of memo-books for several years and, when he was in sickbed, made a draft of the reminiscences on the great personality of the great leader Comrade Kim Chong-il possessed of literary and military accomplishments, loyalty and filial piety, and love for the people.

The reminiscences consists of three chapters — "Great Man With Intense Loyalty and Filial Piety", "Great Philosopher and Meditator" and "Great Creator".

Printed in each chapter are the great leader President Kim Il-song's sayings that Comrade Kim Chong-il is the supreme incarnation of loyalty and filial piety, a philosopher with outstanding political philosophy and a king of miracles and creation.

Described in the reminiscences are emotional stories about the noble maxim, principles of life and will of Comrade Kim Chong-il to hold only President Kim Il-song in high esteem.

Contained in it are also stories about his goal and ideal, matchless memory, stereoscopic speculation, ever-correct prediction, distinguished way of writing, remarkable writing activities, special outlook on creation and target of creation, unique way of creation and very fast tempo, etc.

It also carries his propositions on different domains.

#### **Kim Chong-il's Work Praises Kim Il-song**

*SK0510022295 Pyongyang KCNA in English*  
2145 GMT 4 Oct 95

["President Kim Il-song Laid Solid Foundations to Carry Party's Cause to Completion With Success, says Comrade Kim Chong-il" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 5 (KCNA) — President Kim Il-song built the Workers' Party of Korea [WPK] with a far-sighted plan so that it may carry forward its cause generation after generation.

The great leader Comrade Kim Chong-il said this in "The Workers' Party of Korea Is the Party of the Great Leader Comrade Kim Il-song", a work published on October 2, 1995.

Comrade Kim Chong-il said among other things:

It is a serious lesson drawn from history that if the inheritance of party building is not guaranteed, the revolution cannot be inherited and renegade revolutionaries will make a mess of the cause of the leader, the cause of the party.

Respected Comrade Kim Il-song not only founded our party and strengthened and developed it into an invincible party, but also laid solid foundations for brilliantly carrying forward and accomplishing the party's cause with outstanding clairvoyance long ago.

Looking far into the distant future, Comrade Kim Il-song brightly illumined the road ahead of our party and our revolution and provided firm organisational and ideological foundations and leadership system of the party for carrying forward and accomplishing the revolutionary cause of chuche.

Respected Comrade Kim Il-song's idea and leadership are being fully carried forward by our party.

#### **Kim Chong-il Work Lauds Party Building**

*SK0510022995 Pyongyang KCNA in English*  
2141 GMT 4 Oct 95

["Most Brilliant One of President Kim Il-song's Feats Is Foundation of New, Revolutionary Party of Chuche Type, Says Comrade Kim Chong-il" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 5 (KCNA) — The most brilliant one of the feats performed by the great leader President Kim Il-song is that he founded a new, revolutionary party of chuche type.

The great leader Comrade Kim Chong-il made the remarks in "The Workers' Party of Korea Is the Party



of the Great Leader Comrade Kim Il-song," a work published on October 2, 1995.

Comrade Kim Chong-il in the work said among other things:

The history of the building of our party is a history in which the *chuche* idea and the *chuche*-based idea and theories of party building based on this have been applied with credit under the leadership of Comrade Kim Il-song. Our party is the revolutionary party of *chuche* which has been built, strengthened and developed with the *chuche* idea as its guiding idea.

It is the most brilliant exploit performed by the great leader Comrade Kim Il-song that he founded the immortal *chuche* idea, indicated a correct way for the popular masses to shape their destinies independently and founded a new, revolutionary party of *chuche* type taking the *chuche* idea as its guiding idea for the first time in the history of communist movement.

#### **Kim Chong-il Work on North Korean Socialism**

SK0510023195 *Pyongyang KCNA in English*  
2148 GMT 4 Oct 95

["Korean Socialism Makes Long Drive, Says Comrade Kim Chong-il" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 5 (KCNA) — Our socialism is making a long drive without vacillation and our socialist country is fully displaying its dignity and honour under the complex situation today, said the great leader Comrade Kim Chong-il in his work of October 2, 1995 "The Workers' Party of Korea [WPK] Is the Party of the Great Leader Comrade Kim Il-song."

Comrade Kim Chong-il said in the work:

The imperialists and reactionaries stooped to any infamy in a bid to block the onward movement of our party and people and stifle our socialism, but in vain.

The experience of our revolution most eloquently proves that the people who fight for their just cause, closely united under the leadership of their great leader and great party are invincible and that the present time is a new age of history, the age of independence when the popular masses have emerged as the masters of their destinies.

**Kim Chong-il's Work Notes Causes of WPK**  
SK0510024395 *Pyongyang KCNA in English*  
2151 GMT 4 Oct 95

["Comrade Kim Chong-il on Secret of Constant Victory of WPK" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 5 (KCNA) — The great leader Comrade Kim Chong-il in his newly published work "The Workers' Party of Korea Is the Party of the Great Leader Comrade Kim Il-song" said what enabled the WPK to constantly emerge victorious in the revolution and construction.

He said in the work:

Respected Comrade Kim Il-song's motto "The people are my god" was the starting point and the supreme principle in all activities of our party.

Comrade Kim Il-song's idea, leadership and traits were based on love for and trust in the people and were consistent with [words indistinct] our party has strictly applied the noble idea and revolutionary leadership method of Comrade Kim Il-song, who regarded the people as heaven, in all its activities.

Our party has advanced in reliance on the popular masses and in firm unity with them. That is why it has been able to vigorously promote the revolution and construction under the complex situation and through grim trials, turn misfortune into a blessing and adversity into favorable conditions and emerge victorious at all times.

**Songs Honor Kim Chong-il, Kim Il-song**  
SK0410143895 *Pyongyang KCNA in English*  
1017 GMT 4 Oct 95

[FBIS Transcribed Text] Pyongyang, October 4 (KCNA) — The song "Let Us Hold High the Red Flag" is echoing loudly in all parts of the country on the threshold of the 50th anniversary of the Workers' Party of Korea.

No sooner had the song, which was created by the nation's renowned Mansudae art troupe, come out in the world than it went to the hearts of all of people and was sung in high tone. Because it reflects in an intensive way the faith and will of Korea to carry to accomplishment the cause of *chuche* holding aloft the red flag of revolution.

The first stanza of the song is consistent with unanimous will of the people to hold high the glorious red flag of Mt. Paektu, which reflects the whole life of the great leader President Kim Il-song, and to go on to fly it following the great leader Comrade Kim Chong-il.



The Korean revolution was pioneered by President Kim Il-song under the red flag and has emerged victorious with the flag flying at all times.

The red flag held high by the Korean people is associated deeply with the glorious and brilliant revolutionary history and the immortal leadership exploits of President Kim Il-song, who led the revolutionary cause of *chuche* to a brilliant victory.

The second and third stanzas of the song carry the steadfast will of the Korean people, who have registered only victories through rigorous ridges of the history, to exalt the socialist homeland further, upholding the party headed by Comrade Kim Chong-il, with this flag held aloft.

The song has turned out to be the 90s' song "The Red Flag" that reflects the will of the WPK.

The martyrs, in the past revolutionary days, looked up to President Kim Il-song singing high "The Red Flag". They overcame trials with the conviction that they would defend the red flag though the cowards might betray them, and achieved national liberation.

Now the people are singing the song "Let Us Hold High the Red Flag" from the bottom of their hearts looking up to Comrade Kim Chong-il and hardening their pledge of loyalty to carry to completion the cause of *chuche*.

Holding aloft the red flag of such faith, Comrade Kim Chong-il is standing as the standard-bearer of revolution for the highest peak for the completion of the revolutionary cause of *chuche*, to lead the people to victory.

Led by Comrade Kim Chong-il, who is holding aloft the red flag, we are sure to win victory. To defend and add eternal lustre to the red flag of revolution is just a glorious struggle to defend respected General Kim Chong-il politically and ideologically. This is an invariable faith and unshakable will maintained by the Korean people now.

The song tells earnestly that the Korean revolutionaries who are soldiers and disciples of the great leader President Kim Il-song and respected General Kim Chong-il, are preoccupied by the one mind to trust and follow only Comrade Kim Chong-il, come what may.

### **Kim Chong-il Says WPK Party of Kim Il-song**

SK0510070595 *Pyongyang KCNA in English*  
0619 GMT 5 Oct 95

["Comrade Kim Chong-il Publishes Work 'The Workers' Party of Korea Is the Party of the Great Leader Comrade Kim Il-song'" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 5 (KCNA) — The great leader Comrade Kim Chong-il published an immortal famous work "The Workers' Party of Korea Is the Party of the Great Leader Comrade Kim Il-song" on October 2, 1995 on the occasion of the 50th anniversary of the Workers' Party of Korea.

The work reads in part:

Under Comrade Kim Il-song's wise leadership, the Workers' Party of Korea was established as a working-class party of a new type and has been developed into a trained and seasoned veteran revolutionary party, into an unconquerable party enjoying unqualified support and trust of the people, in the flames of struggle for half a century.

The history of the Workers' Party of Korea is precisely the history of respected Comrade Kim Il-song's great revolutionary activities.

The Workers' Party of Korea belongs to the great leader Comrade Kim Il-song. It is his great name and exploits that have made our party's 50 years brilliant. His name and exploits will be immortal together with our party's history.

The Workers' Party of Korea is a glorious party which under the leadership of the great leader Comrade Kim Il-song has paved a new road of building a revolutionary party in the age of independence and set a shining example in this work.

With an unshakable belief that the popular masses are the motive force of the revolution, he waged the revolutionary struggle by organizing the masses. He also did the work of founding the party, laying its basis from among the grassroots, by going to the popular masses to train true communists from among them and forming grassroots party organizations.

The organizational and ideological bases on which to found our party were laid and consolidated in the crucible of the twenty-year-long arduous anti-Japanese revolutionary struggle under the leadership of Comrade Kim Il-song.

Thanks to the solid organizational and ideological bases for founding the party and the glorious revolutionary traditions, which were prepared during the anti-Japanese



revolutionary struggle, our party was founded opportunely even in the complex circumstances after liberation and has been able to fulfill its mission successfully as the political general staff guiding the building of a new country ever since its foundation.

The establishment of the Workers' Party of Korea enabled our people to shape their destiny successfully under the guidance of their reliable vanguard, their fighting general staff. Its establishment unfolded a new history of the revolutionary party in the era of independence.

The history of our party building is the history of brilliantly implementing the *chuche* idea and translating into reality the idea and theory of building the party on the basis of the *chuche* idea under Comrade Kim Il-song's leadership.

Our party is a *chuche*-type revolutionary party, which has been built and strengthened under the guidance of the *chuche* idea.

It is the most brilliant achievement of the great leader Comrade Kim Il-song that he created the immortal *chuche* idea and thus showed the popular masses a correct way to shape their destiny independently and built a new revolutionary party guided by the *chuche* idea for the first time in the history of the communist movement.

Our party has been guided consistently by the *chuche* idea in its building and activities. Therefore, it has become a powerful revolutionary party with the most durable basis, a great, authoritative party capable of leading the revolution and construction triumphantly. The building of our party is characterized basically by the fact that it has built itself and conducted its activities under the guidance of the *chuche* idea.

Based on the great *chuche* idea and the rich experiences in his leadership of the revolutionary struggle of different stages, Comrade Kim Il-song newly elucidated the fundamentals and basic principles of building a working-class party and the ways to materialize them, and fully systematized the *chuche*-orientated idea and theory of party building.

This idea and theory are, in a nutshell, the man-centered idea and theory of party building on the basis of the fundamental principles of the *chuche* idea. Solving all problems in party building and activity by centering on man and through work with people is the essence of this idea and theory.

The *chuche*-orientated idea and theory of party building shed fresh light on the fundamental principles of building the working-class party based on the principles of

the driving force of revolution. The driving force of revolution is an integral whole of the leader, the party and the masses.

In the driving force of revolution, the leader is the top brain and the centre of unity, and the party is a political organization which materializes the leader's idea and guidance. Apart from the leader's idea and guidance, the party as a political leadership body is inconceivable; separated from the masses, the party cannot lead the revolution and construction to victory. Unbreakable unity of the leader, the party and the masses centering around the leader constitutes the solidest and most powerful revolutionary force as well as a great motive force of the revolution and construction. Therefore, the working-class party must be built up into the leader's party, the political organization which realizes the leader's idea and guidance, and must achieve inseparable unity with the masses.

Comrade Kim Il-song's idea and theory on party building expound the absolutely scientific and revolutionary principles, basic rules and ways which the working-class party must implement thoroughly in its building and activity; therefore, they have become a powerful ideological and theoretical weapon with which to consolidate our party organizationally and ideologically, strengthen the unbreakable ties between the party and the masses and steadily enhance the leadership role of the party.

The great leader Comrade Kim Il-song built our party into a revolutionary party with a firmly established monolithic ideological system.

The monolithic ideological system of the party is the leader's ideological system and his leadership system. Only when the monolith of ideology and leadership is ensured through the establishment of the leader's ideological system and his leadership system, is it possible to achieve the ideological unity and organizational cohesion of the party ranks and make the party play its role satisfactorily as a political leadership body.

Our party's struggle to establish the monolithic ideological system has been a struggle to equip party members thoroughly with the leader's idea and unite them firmly behind the leader in ideology and purpose, and at the same time, a struggle to overcome the heterogeneous ideas and factional elements which conflict with the leader's idea and guidance and disturb unity and cohesion. That our party overcame factionalism and flunkeyism in the Korean communist movement and prevented the infiltration of any opportunism including modern revisionism was the historic victory achieved in the struggle to ensure the unity and cohesion of the party ranks and its purity and establish the monolithic ideological system of the party.



That all party members are united rock-solid behind the leader based on one idea and faith, comradely love and revolutionary loyalty underlies the solidity and unbreakability of the unity and cohesion of our party.

The great leader Comrade Kim Il-song built our party into a militant party which has a strong sense of organization and discipline.

By correctly embodying the principle of democratic centralism in party building and its activity, Comrade Kim Il-song firmly established the monolithic system of leadership and a revolutionary and voluntary discipline within the party. For our party the principle of democratic centralism is its organizational principle whereby democracy is brought into full play on the basis of firmly establishing centralistic discipline.

As a result of the correct application of the principle of democratic centralism in our party, the guidance of the leader is effected from the party centre down to the lowest echelon without a hitch and a revolutionary tone has been firmly established: All party organizations and party members accept the party's line and policy as their own and implement them to the letter by displaying a high degree of enthusiasm and creativity.

Enhancing the function and role of party organizations and intensifying the party life of the members is a major factor in improving organization and discipline in the party.

Party members are linked with the leader through the party organization and accept the leader's idea and guidance and breathe the breath of the party through party organizational and ideological life.

A well-organized system of party life and a revolutionary tone of party life have now been firmly established in our party; all party members belong to a particular party organization, regularly leading their party life in accordance with the unitary norms of party life and taking part in it of their own accord as the masters. As a result, the party life of the members has been put on a regular basis and become a part of their daily life, and the organization and discipline of the party have been strengthened markedly.

The great leader Comrade Kim Il-song built our party into a mass party rooted among broad sections of the population.

By correctly reflecting the fundamental interest of the working class and other toiling masses as well as the demand of the era of independence and proceeding from the specific situation in our country, respected Comrade Kim Il-song set the line of building a mass party of the working people comprising workers, peasants

and working intellectuals and put it into effect with success. The flag of our party, which is inscribed with a hammer, sickle and brush is a graphic symbol of a revolutionary party in the era of independence, the first of its kind in history. It is the banner of unity and victory of the popular masses who are shaping their destiny independently.

Our party was built as a mass party and the mass line was fully implemented in its activity. As a result, it has strengthened and developed into a party that defends and represents the working masses' demand for independence and their interest, into a revolutionary party of the working class rooted among the broad popular masses and inseparably united with them.

The great leader Comrade Kim Il-song built our party in a far-sighted way to carry on its cause down through generations.

The cause of the popular masses for independence is the cause of the leader, the cause of the party. It is a historic cause that is carried on through many generations. If a party is to correctly carry forward the idea and guidance of the leader, it must fully ensure the continuity of its building. Otherwise, the line of the revolution discontinues and renegades from the revolution appear to ruin the cause of the leader, the cause of the party. This is a serious lesson of history.

Respected Comrade Kim Il-song not only founded our party and developed it to be an invincible one, but, with his extraordinary far-sightedness since a long time ago, laid a solid foundation for a brilliant continuation and accomplishment of the cause of the party. Looking into the distant future, Comrade Kim Il-song clarified the way to be followed by our party and our revolution and laid the firm organizational and ideological bases of the party and established the leadership system for the continuation and accomplishment of the revolutionary cause of chuche.

The idea and leadership of respected Comrade Kim Il-song are unshakably inherited by our party.

During the past 50 years since its foundation, our party has led the popular masses, winning a great victory in the revolution and construction and gaining valuable and rich experience.

The division of the country by foreign forces, the fatherland liberation war against the invasion of the allied forces of imperialism, the ceaseless manoeuvres for aggression and sabotage by imperialism, the turbulent international situation and the collapse of socialism in several countries, and the subsequent intensification of anti-socialist, anti-DPRK machinations by imperialists



and reactionaries—in the face of these events, we carried out the two stages of social revolution successfully, reconstructed the country twice, and built the socialism centred on the masses and added lustre to our socialism while defending staunchly the sovereignty of the country and the achievements of the revolution.

Our society is the most stable and durable society in which all the people are united singleheartedly around the party and leader and have formed a great harmonious family, and the whole society is overflowing with feelings of health and vivacity and revolutionary mettle.

Even in the present complicated situation our socialism is winning one victory after another without vacillation and our socialist motherland is demonstrating its dignity and honour far and wide.

The practical experience of our revolution patently proves that the people who are united as one under the leadership of their great leader and the great party and fighting for their just cause are unconquerable and that the present age is a new, historic age, the age of independence, when the popular masses have emerged as the master of their destiny. Guided by our party, our people have paved a new path to accomplishing the masses' cause of independence, the path to genuine socialism, and built and developed socialism centred on the popular masses, thus dealing decisive blows at all manner of reactionary propaganda which vilifies socialism and confirming in practice the scientific and truthful nature of socialism and its advantages and invincibility.

For our party, which is entrusted with the responsibility for the destiny of the country and nation, national reunification has been the supreme national task since the first day of its founding. Our party has consistently followed the policy of national reunification, the policy based on the three principles of independence, peaceful reunification and great national unity. Reflecting the aspiration for reunification of the whole nation in the north, South and abroad, it put forward the most reasonable, fair and realistic proposal of reunifying the country through confederation and is striving for its implementation. It is also making every effort to realize the great unity of the nation under the banner of national reunification. The ever-increasing reunification force of our nation will defeat the divisive force at home and abroad and realize the cause of national reunification without fail.

Our party has led the popular masses' cause of independence to brilliant victory, performing great achievements, because it has applied *chuche* principles and methods of leadership in the revolution and construction in a thoroughgoing way.

In leading the revolution and construction, our party has always safeguarded the demands and interests of the popular masses, relied on them and fought by forming an integral whole with them.

If one believes in the people and relies on them, one will always emerge victorious; and if one gives wide berth to them and is forsaken by them, one will always fail—this is the concept of "the people are my god," the motto of respected Comrade Kim Il-song, and this has become the basic starting-point and supreme principle in all activities of our party.

Respected Comrade Kim Il-song was the great leader of the people and their father. All his life he was among the people, shared joy and sorrow with them and devoted his all for them. He placed deep trust in the strength, wisdom and excellent qualities of our people and solved all problems by relying on them and by giving rein to their revolutionary zeal and creative force.

Our party has fully applied in all its activities the noble idea of Comrade Kim Il-song, "the people are my god," and his revolutionary method of leadership. It has always formulated its lines and policies by reflecting truthfully and incorporating the opinions and requirements of the popular masses, and implemented them by enlisting their efforts and resourcefulness. Our party is a motherly party which takes care of the destiny of the popular masses under its charge, and its politics is the politics of love for the people and trust in them, the benevolent politics.

Relying on the popular masses and welding with them in the struggle—this is just the secret of how our party has promoted the revolution and construction with vigour in such complicated circumstances and trying ordeals and won victory after victory by turning misfortune into a blessing and unfavourable conditions into favourable ones.

In leading the revolution and construction, our party has established *chuche* with all consistency and firmly adhered to the line of independence.

From the first days of his revolutionary activity the great leader Comrade Kim Il-song blazed the trail of independent development of the Korean revolution holding aloft the banner of independence, made it a fundamental principle to establish *chuche* and maintain independence in the revolution and construction and led the effort to implement it. The line of *chuche* in ideology, independence in politics, self-sufficiency in the economy and self-reliance in defence advanced by Comrade Kim Il-song is a revolutionary line of independence run through with the principle of *chuche*,



the spirit of independence, and our party has staunchly safeguarded this line and implemented it to the letter.

Our party has solved all problems arising in the revolution and construction as dictated by its ideology and faith on its own responsibility and on the principle of self-reliance in our own way to suit our situation and the interests of our revolution. It has been opposed totally to the worship of big powers, dogmatism and all other ideas of relying on foreign forces and rejected categorically any pressure and interference from outside. Free from the established theories and formulas, it has analyzed and judged everything solely from the point of view of the interests of the revolution and hewed out the road of the complicated and arduous Korean revolution by its own effort as dictated by its faith and determination.

As they strictly adhered to the *chuche* stand and the line of independence, our party and people have not vacillated in the raging wind of opportunism including modern revisionism and, in the trying situation in which socialism collapsed in several countries, they have been able to defend and add lustre to our style of socialism. Our political and ideological strength, the powerful socialist independent economy and the unconquerable self-reliant military power our party and people have consolidated rock-solid by implementing the revolutionary line of independence, self-sufficiency and self-reliant defence, have become the sure guarantee for defending the sovereignty of the country and the achievements of the revolution, advancing the revolution and construction victoriously and thwarting any aggression and interference of imperialism and dominationism. The fact shows that the political and diplomatic pressure of imperialism, its attempts to disintegrate us ideologically and culturally, its economic blockade and military threat cannot infringe upon the sovereignty of our country nor can they demolish or suffocate our socialism.

By following the foreign policy based on the ideals of independence, peace and friendship, our party and government have developed the relations of friendship and cooperation with many countries in the world, consolidated the country's international position, strengthened international solidarity with our revolution and rendered active contribution to the cause of global independence.

The *chuche* stand and independent line consistently maintained by our party in the revolution and construction have clearly demonstrated their correctness and great vitality in practice.

Our party has resolutely adhered to the revolutionary principle and invariably implemented the revolutionary

line and policy in leading the revolution and construction.

Comrade Kim Il-song led our party and people by setting a brilliant example of the art of leadership. He defended the revolutionary principle under any circumstances and conditions and most skillfully combined the principle and adroitness in the revolution and construction.

Proceeding from the fundamental interest of the revolution, our party has always adhered to the principle of independence, the working-class principle and socialist principle in the revolution and construction, and thoroughly carried out the revolutionary line with consistency. Highly creative attitude and adroitness based on the revolutionary principle and consistency in its line and policy—these are the important principle and art of leadership our party adheres to in the revolution and construction as well as the characteristics of our party's revolutionary line and policy.

During the whole course of its leadership to the revolution and construction, our party has never deviated from the revolutionary principle, never allowed itself to be swayed to the right or left without principle and never made a mistake in its line. Thanks to our party's revolutionary principle and the consistency of its line and policy, our revolution has been able to advance victoriously along the road to socialism without any twists and deviations even in the extremely arduous conditions. And also our own style of socialism centered on the popular masses has become a firm conviction of our people and taken root deeper in the people's life.

Our party's great exploits and precious experience in party building and its activity as well as in the revolution and construction are the brilliant fruition of the revolutionary idea and revolutionary leadership of the respected leader Comrade Kim Il-song. They are the eternal treasures of our revolution we must defend, inherit and develop down through generations.

Our revolution has emerged victorious under the leadership of our party and in the future, too, it will advance triumphantly and will be carried forward to brilliant completion under its leadership.

We still have a long way to go and our revolution is beset with many hardships and trials as ever. No matter how long and thorny the road ahead of our revolution pioneered and led by the great leader Comrade Kim Il-song might be, we must steadily follow this way in accordance with the behest of Comrade Kim Il-song. This is the unshakable faith and will of our party.

We must safeguard the people-centered socialism of our own style established by respected Comrade Kim



Il-song, bring honor to it and complete the socialist cause of *chuche*. We must unfailingly achieve national reunification, the vital demand of the entire nation, on the principle of independence, peaceful reunification and great national unity set forth by Comrade Kim Il-song. Upholding the lofty will of Comrade Kim Il-song our party must strengthen solidarity with the progressive people of the world and work hard to realize the cause of independence for mankind.

In order to carry forward the sacred cause of Comrade Kim Il-song, the revolutionary cause of *chuche*, from generation to generation, we must further consolidate our party which organizes and guides all the victories of our people.

We must hold in high esteem beloved Comrade Kim Il-song as the eternal leader of our party and revolution and develop our party as the glorious party of Comrade Kim Il-song for ever.

We must do all the work of revolution and construction as Comrade Kim Il-song planned, intended and showed personal examples in practice and conduct everything in such a way as Comrade Kim Il-song did. This is the way to develop our party as the party of Comrade Kim Il-song and the way to brilliantly inherit and complete the revolutionary cause of *chuche*.

We must resolutely safeguard the revolutionary idea of the great leader Comrade Kim Il-song and thoroughly put it into effect.

Apart from his revolutionary idea, it would be impossible to speak about the party of Comrade Kim Il-song or to think of the victory of the party's cause.

Holding high the banner of modelling the whole party on the *chuche* idea, we must further strengthen education in the *chuche* idea, so that the party is imbued with only one ideology, the *chuche* idea, and make the whole party breathe in, and pulsate with, the *chuche* idea.

We must defend the purity of the *chuche* idea and ceaselessly develop it in depth. We must ceaselessly fight against the infiltration of bourgeois reactionary idea, revisionism and all other hues of ideological trend of opportunism so as to prevent the heterogeneous ideological trends from getting even a little chance of gaining ground and growing in our ranks.

True to the party's slogan, "let us meet the requirements of *chuche* in ideology, technology and culture!" We must deal with all work of revolution and construction as required by the *chuche* idea. We must thoroughly implement the *chuche* idea in building the party, the army, the economy and culture, to further strengthen the political, economic and military power of the country,

bring about development and flowering of socialist national culture and fully display the advantages of our own style of socialism centered on the popular masses.

We must defend like the apples of our eyes the unity and solidarity of our party effected by the great leader Comrade Kim Il-song and cement it more solidly.

We must consistently hold fast to the work of establishing the party's monolithic ideological system as the basic line of party building and defend and strengthen further the unity and cohesion of our party which is firmly united in ideology and will as well as in morality and loyalty based on one ideology and one centre.

We must thoroughly put into effect the great leader Comrade Kim Il-song's idea, "the people are my god", so as to further cement the inseparable ties between the party and the people and ceaselessly strengthen and develop the single-hearted unity of the whole society.

Taking loving care of the people, serving them and forming a harmonious whole with them —these are the intrinsic nature and basic characteristics of the party of Comrade Kim Il-song.

We must thoroughly implement the consistent idea and policy of our party which takes loving care of the people, champions their demands and interests and fights for their independent and creative life.

All the officials must acquire more firmly the revolutionary and popular style of work; they should always go deep among the masses, share weal and woe with them, teach and learn from them and execute the revolutionary tasks by giving rein to their revolutionary enthusiasm and creative zeal.

As we have advanced, braving difficulties on the strength of the single-hearted unity of the party and the people, so we must, in the future, too, pave the way of victory and glory by relying on the might of single-hearted unity.

Today our party and people have embarked on the road of new historic advance. Our party will inherit and develop faithfully the idea and achievements of the great leader Comrade Kim Il-song and accomplish his cause down through generations.

The Workers' Party of Korea will shine for ever as the party of Comrade Kim Il-song.



**Sharing 'Destiny' With Kim Chong-il Urged**

*SK0510032095 Pyongyang KCNA in English  
1521 GMT 4 Oct 95*

**["Way of Korean People" — KCNA headline]**

[FBIS Transcribed Text] Pyongyang, October 4 (KCNA) — NODONG SINMUN today comes out with a political essay titled "The Road We Have Followed and We Should Follow".

Pointing out that the only way of the Korean people is to share their destiny with respected Comrade Kim Chong-il forever as they did in the past, the author of the political essay says:

The road of our party and people has been and will be full of pride and honour.

The road which we have traversed was a very fruitful and happy way because it was taken by the great leader Comrade Kim Il-song and respected Comrade Kim Chong-il in the van and because it was covered by our party, army and people and the whole nation together.

The road covered by the Workers' Party of Korea, braving ordeals and storms, was a glorious one because it put the times and the history on the right orbit of independence shouldering the destinies of our country and people and humankind.

Our people are more proudly greeting the 50th anniversary of the foundation of the Workers' Party of Korea because they have defended the party and the revolution, the country and socialism, bravely surmounting unbearable trials and difficulties under the eyes of the whole world.

It is an honorable and responsible mission of our people for the time and history to uphold the great Comrade Kim Chong-il, the sun of life and the destiny of socialism, with loyalty.

The political essay quotes Comrade Kim Il-song as saying:

"Comrade Kim Chong-il is the symbol and future of chuche Korea. Under his leadership, the revolutionary cause of chuche will emerge victorious in the future. I feel easy about the future of Korea as the leadership of Comrade Kim Chong-il is outstanding."

The road to be followed by us under whatever circumstances is the only way of chuche which was pioneered by the great leader Comrade Kim Il-song and which is now being covered invariably by respected Comrade Kim Chong-il.

We cannot take other way than what we have traversed, come what may.

We should unite firmly around the great General Kim Chong-il and accomplish the cause of chuche as we promised before the bier of Comrade Kim Il-song, shedding tears of blood.

The eternal future of our party and people lies in advancing under the leadership of the great General Kim Chong-il, holding high the red flag.

**Kim Chong-il on WPK Revolutionary Principle**

*SK0510031895 Pyongyang KCNA in English  
2200 GMT 4 Oct 95*

**["WPK Has Held Fast to Revolutionary Principle, Says Comrade Kim Chong-il" — KCNA headline]**

[FBIS Transcribed Text] Pyongyang, October 5 (KCNA) — Our party has held fast to the revolutionary principle in leading the revolution and construction and implemented the revolutionary line and policy consistently, said the great leader Comrade Kim Chong-il in "The Workers' Party of Korea [WPK] Is the Party of the Great Leader Comrade Kim Il-song," a work he published on the 50th anniversary of the WPK.

He said in the work:

The history of the revolutionary movement shows that if one takes a step back in revolutionary principle, one will have to take two steps back and then ten steps and finally ruin the revolution.

All sorts of opportunism are characterized by lack of revolutionary principle and inconsistency in line and policy.

High creativity and subtlety based on revolutionary principle and consistency in line and policy — this is the main principle and art of leadership our party has maintained in the revolution and construction; it features the revolutionary line and policy of our party.

Never has our party deviated from the revolutionary principle, wavered without principle and made a mistake in policy-making in the whole course of leading the revolution and construction.

Thanks to our party's revolutionary principle and consistent line and policy, our revolution has victoriously advanced along the road of socialism without twists and turns and deviation under the difficult situation and our anthropocentric socialism has become a firm faith of our people and struck its roots deep in their life.



**Confederal Method Urged in Reunification**

SK0310085095 *Pyongyang MINJU CHOSON*  
*in Korean 19 Aug 95 p 1*

[Editorial: "Let Us Achieve Reunification in the Nineties Through the Confederal System Method"]

[FBIS Translated Text] The grand national reunification festival marking the 50th anniversary of the fatherland's liberation ended on 17 August which was magnificently held amid great expectation and interest of the whole nation.

During the period of the grand festival, which began with the participants of the festival holding a rally on 12 August to implement the great leader Comrade Kim Il-song's lifetime teaching on reunification, various events took place, including the ceremony to start the march to Mt. Paektu by the grand national reunification festival marching team; the visit to the Mt. Paektu secret camp; the Pyongyang mass rally welcoming the marching team; the ceremony to award the "Fatherland's Reunification Prize;" and a cultural event on the night of the grand national reunification festival. Also on 15 August at Panmunjom, as a joint event of the people at home and abroad, delegates of political parties and organizations of the North, South, and overseas held a grand national conference. In addition, as part of the grand reunification festival, the sixth pannational meeting and the first meeting of the National Alliance of Youth and Students for the Country's Reunification [Pomchonghangnyon] Central Committee were held. Other various events took place such as the Pomchonghangnyon's joint forum, a reunification music concert, and a photo and art exhibition.

In this grand festival held for the first time in the history of national division in which half a century has passed, fellow countrymen at home and abroad have gathered together and magnificently celebrated the 50th anniversary of the fatherland's liberation. By doing so, they manifested at home and abroad the nation's blazing mind and firm will to achieve the fatherland's reunification without fail. Also, it was a grand gathering of national unity which made the atmosphere for the fatherland's reunification overflow throughout all of Korea. Many representatives from various organizations and figures in the North and overseas, who treasure the desire for the nation's reunification as the most important, and who are devotedly struggling to achieve the reunification cause, participated in this significant festival. In particular, the South side's headquarters of Pomchonghangnyon dispatched its delegates through a third country, and youth Cho Yong-sam, member of the supporters' association of South Korea's Council of Families' Movement for the Practice of Democracy,

came to participate in the grand festival after surviving a life-and-death crisis. In addition, prominent social and political figures from various countries of the world who have carried out positive activities by expressing wholehearted support and firm solidarity in our just cause for the fatherland's reunification for a long time, participated in the grand festival as honorary guests.

This grand national reunification festival was a significant festival that will be brilliantly engraved in the history of the movement for the fatherland's reunification, which has been going on for half a century.

The grand national reunification festival strongly demonstrated the whole nation's iron-like faith and will that reunification will be achieved without fail in the nineties by highly upholding the respected and beloved leader Comrade Kim Il-song's lifetime teaching on reunification and the wise leadership of the great leader [yongdoja] Comrade Kim Chong-il.

Due to the common intention and desire of the delegates for the fatherland's reunification, all planned events during the festival developed smoothly even though ideology and idea, and political view and religion are different and the residing regions and each other's positions are not the same. Through this process, it was vigorously manifested to the whole world that our nation is one, we are of one blood, and the fatherland is one. In particular, through this significant festive event of the common nation, at the national meeting which was held at Panmunjom, an agenda "on firmly establishing the nation's common reunification method," was introduced and as a result of sincere discussions, it was consistently confirmed that reunification through the confederal system method is the way for our nation's common reunification method. Therefore, a bright future for reunification in the nineties was firmly opened, and the nation's reunification enthusiasm and strength were aimed toward one goal, thus, it was possible for the whole nation to be in step with each other on the road for reunification. This was the most precious result achieved at the grand national reunification festival.

The grand national reunification festival was a long march for reunification vigorously showing the whole nation's iron-like faith and will for the fatherland's reunification.

During the festival, people of the northern half of the Republic enthusiastically welcomed the delegates with the mind of taking part in the festival together, and everywhere throughout the nation congratulatory banners and letters hoping to achieve reunification were sent to the North side's preparatory committee.



Overseas fellow countrymen also sincerely wished that this grand festival would be held successfully. Each overseas regional headquarters of the National Alliance for the Country's Reunification (Pomminnyon) and each class organizations of the General Association of Koreans Residing in Japan (Chongnyon) sent messages hoping for the festival's success to the national preparatory committee of the grand national reunification festival on the 50th anniversary of the fatherland's reunification, and many overseas fellow countrymen enthusiastically bid farewell to the delegates leaving for Pyongyang to participate in the grand festival. Boosted by such active support and encouragement of the whole nation, this grand festival was successfully carried out.

Truly the grand national reunification festival on the 50th anniversary of the fatherland's liberation is a proud grand meeting promoting the grand national unity and reunification in which delegates of overseas fellow countrymen from all walks of life have gathered embraced with the whole nation's ardent desire for reunification and declared a new start in creating a reunified fatherland. Its success was a historic event that elucidated the history of our nation's reunification movement. This is a precious victory which was jointly obtained by our reunification patriotic forces in the arduous struggle road for the fatherland's reunification.

It is very heartbreaking that not many South's fellow brethren who are near us, took part in the grand festival.

Originally, this grand festival was to jointly magnificently celebrate the 50th anniversary of the fatherland's reunification with the fellow countrymen of each party, each faction, and each class of the North, South, and overseas gathered at Panmunjom on 15 August. However, from the first day the political parties and organizations of our Republic put forth this proposal at the joint meeting, the South Korean ruling bunch said it was "a reunification front method," and so on, assuming a disapproving attitude. In addition, after the announcement of the joint agreement by the preparatory committees of the North, South, and overseas, the South Korean ruling bunch officially declared that it "disapproves" the Panmunjom joint event. Due to such antireunification and antinational maneuvers by the South Korean ruling bunch, South Korea's fellow countrymen from all walks of life could not come to the site of the grand festival in spite of their earnest desire. Even fellow countrymen and brothers living in foreign countries crossed tens of thousands of ri of oceans and continents and came to take part in the nation's common grand festival. Nevertheless, for the fellow countrymen and brothers of the same country and land which is linked with one branch of mountain range, to not come to the grand festival is truly a lamentable national tragedy. This tragedy once

again manifests to the whole world how the Kim Yong-sam ring is a vicious splittist group.

Today we are faced with the heavy and honorary task of realizing the sacred cause of the fatherland's reunification as soon as possible.

The great leader Comrade Kim Il-song has taught:

"The fatherland's reunification is the nation's supreme task which our people cannot delay even for a minute. We must achieve the fatherland's reunification cause as soon as possible to solve the whole nation's consistent and earnest desire and hand over the reunified fatherland to future generations."

The great leader Comrade Kim Il-song's high intention in which he devoted his life to the sacred cause for the fatherland and nation is to put an end to the nation's division and reunify the fatherland as soon as possible, and it is also the exact will of the great leader [yongdoja] Comrade Kim Chong-il. Right here where reunification is to be realized through the method of the confederal system lies the road to implement the respected and beloved leader Comrade Kim Il-song's lifetime teaching and realize the consistent desire of the nation.

We must uphold the great leader Comrade Kim Il-song's intention of when he was alive, and all the more vigorously carry out the all-nation reunification march to realize reunification in the nineties through the confederal system without fail. Today's reality demands that all fellow countrymen at home and abroad must rise as one in the struggle to achieve reunification through the method of the confederal system by transcending differences in ideology, idea, and system.

The justness of the reunification method through the confederal system was all the more clearly proven through the grand national meeting held at Panmunjom. As was consistently confirmed at the grand national meeting by all the Korean fellow countrymen at home and abroad that they must rise as one in the struggle to establish a pannational reunified state through the method of the confederal system.

The whole nation must wholly unite to achieve reunification through the method of the confederal system. Under the banner of the 10-point program of grand national unity as elucidated by the great leader Comrade Kim Il-song, all fellow countrymen of the North, South, and overseas must firmly unite as one nation by transcending differences in party faction and position and political views and religion, and must make unique contributions for the country's reunification in accordance with the environment and conditions they are faced with. This grand festival clearly proved that all fellow countrymen of the North, South, and overseas can unite each



other's will and wisdom ever so much in the road for the fatherland's reunification. If the whole nation unites as one, the fatherland's independent and peaceful reunification can be achieved ahead of schedule ever so much.

If reunification is to be achieved in the nineties, a peaceful precondition for the fatherland's reunification must be provided and it is important to abolish barriers for reunification as soon as possible. All the reunification patriotic forces at home and broad must establish a new peace guarantee system on the Korean peninsula; all the more vigorously carry out the struggle to dissolve the military confrontational situation; abolish South Korea's "National Security Law" which is preventing the country's reunification; and all the more boldly unfold the struggle to abolish the barriers of division.

The road ahead for reunification is ever so much rough due to the maneuvers by the splittists at home and abroad, but it is definite that reunification will be achieved in the nineties.

The great leader Comrade Kim Il-song's plan for the fatherland's reunification and the respected and beloved General Kim Chong-il who has intactly succeeded his leadership temperament, are standing today in the forefront of the national struggle for the fatherland's reunification.

Since the great leader [yongdoja] Comrade Kim Chong-il is wisely leading the struggle for the fatherland's reunification and there is the whole nation's iron-like will for reunification, our people will overcome all difficulties and barriers facing the road for reunification and realize without fail reunification in the nineties through the confederal system.

All the people must highly uphold the respected and beloved leader Comrade Kim Il-song's lifetime teaching and must vigorously fight to realize reunification through the confederal system under the wise leadership of the great leader [yongdoja] Comrade Kim Chong-il.

#### Article Stresses Socialist Patriotism

SK0310042595 *Pyongyang NODONG SINMUN*  
in Korean 31 Aug 95 p 2

[Article by Sin Ung-chol: "Strengthening Indoctrination in Socialist Patriotism Is an Important Demand in the Accomplishment of the Cause of Socialism"]

[FBIS Translated Text] In his classical work, "Giving Priority to Ideological Work Is an Indispensable Requirement For the Accomplishment of the Cause of Socialism," the great leader [yongdoja] Comrade Kim Chong-il elucidated that strengthening indoctrination in

socialist patriotism is an important method for the successful accomplishment of the cause of socialism.

The great leader Comrade Kim Chong-il has indicated: "To make the people loyal to the cause of socialism it is necessary to strengthen indoctrination in socialism patriotism among them."

Indoctrination in socialist patriotism is an ideological indoctrination work to foster people to become genuine chuche-type communist revolutionaries who have established chuche.

Socialist patriotism is patriotism of the working class and the masses of working people who aspire for socialism. It is also the spirit of loving the socialist fatherland where the working class' party, the people's government, and the socialist system exist. Only by strengthening socialist patriotism can we lead party members and the working people not only to fervently love their fatherland and the people with the high national dignity and honor of living and carrying out the revolution in the socialist fatherland, but also to struggle for the grandeur and prosperity of the socialist fatherland, devoting their all,

Thoroughly arming the popular masses, the main force of the revolution and construction, with socialist patriotism is an important demand for the accomplishment of the cause of socialism.

The correctness of the ideology on strengthening indoctrination in socialist patriotism lies first of all in the fact that the ideology most correctly reflects the demand of our times in which socialist construction is carried out with a national state as a unit.

Socialist ideology is the working class' revolutionary ideology and, at the same time, a genuine patriotic ideology.

A country and a nation are a united body formed with people with the same destiny in history. The cause of socialism is carried out with a country and a nation with a unit.

Under such conditions, arming the popular masses, the masters of the revolution, with the patriotic and nation-loving ideology of loving their fatherland and nation is an indispensable requirement for the accomplishment of the cause of socialism. The cause of socialism can be victoriously advanced only by the active struggle of the popular masses who are thoroughly armed with the ideology of socialist patriotism.

Only when indoctrination in socialist patriotism is strengthened can the popular masses resolutely struggle for the grandeur and prosperity of the fatherland and for



the final victory of the revolution with national dignity and honor.

If the ideological indoctrination work to arm people with a patriotic spirit of treasuring and loving their fatherland and nation is not carried out properly, socialism cannot be successfully built. The struggle for socialism is a sacred struggle not only to smash all sorts of maneuvers of the imperialists who are trampling the sovereignty of other countries and nations underfoot and whipping up antagonism and confrontation between nations, but also sacred to defending national independence and sovereignty.

Only when the people devotedly struggle for the cause of socialism with the spirit and national dignity of treasuring their nation the most can they be victorious in their revolutionary struggle. Arming people with the spirit of socialist patriotism and thus, leading them to devotedly fight for their fatherland and for their socialist system, is a most important work in the struggle for socialism.

Some countries which were building socialism in the past failed to properly carry out indoctrination in socialist patriotism. As a result, the popular masses, the main force of socialism, could not rise up in the sacred struggle for their country and nation, and eventually a tragic situation of betraying their fatherland and nation was created.

Experience clearly shows that if we fail to properly carry out indoctrination in socialist patriotism to arm the popular masses with the national dignity and honor of living and carrying out the revolution in the socialist fatherland, we cannot successfully build socialism.

The correctness of the ideology on strengthening indoctrination in socialist patriotism also lies in the fact that the ideology makes it possible for the popular masses to correctly perform both their national duty and international duty of the revolution.

The working class' party and the world revolutionary people's national duty is to properly carry out their country's revolution. To properly carry out the revolution of one's country one should love one's fatherland and nation and defend the sovereignty of one's country and nation. Without realizing the sovereignty of one's country and nation, the popular masses' independence cannot be realized. Only when one has the spirit of loving one's country and nation can one devotedly struggle for the cause of socialism with an attitude befitting the master of the revolution of one's country.

Those who love their fatherland and nation and who are loyal to their country's revolution are to respect the sovereignty of other countries and nations and to res-

olutely struggle against being trampled underfoot. The national duty and the international duty of the revolution have been integrated into one, and communists who are infinitely loyal to the popular masses' cause of independence are not only genuine patriots, but are also genuine internationalists.

For one to remain loyal to the revolution of one's country, one should, above all, love and treasure one's nation and fatherland. For one to encourage the people to be loyal to the socialist cause, one should strengthen the education of socialist patriotism among the people. By putting forward education on socialist patriotism as an important task in ideological indoctrination work in the past, our party vigorously carried out this work among the party members and working people.

Today our people are overflowing with a lofty national pride in living and carrying out the revolution under the system of popular mass-centered socialism following the party's leadership. We ardently love the chuche socialist fatherland and are credibly safeguarding the socialist gains by smashing anti-socialist and anti-Republic maneuvers of the imperialists and reactionaries. This demonstrates justness of our party's idea that only when the education of socialist patriotism is intensified, can accomplishment of the socialist cause be firmly ensured.

The idea put forward by the great leader Comrade Kim Chong-il on intensifying the education of socialist patriotism in carrying out the socialist cause has great theoretical and practical significance in the revolutionary struggle of the working class.

This idea is also of great significance because it expounded the true path for indoctrinating genuine communist revolutionaries.

Socialism can be advanced victoriously only through devoted struggle of the genuine patriots who truly love the nation, the people, and the state. In particular, under today's circumstances in which the socialist cause is faced with a grave challenge due to the maneuvers of the imperialists and betrayers of socialism, fostering of the people to be genuine patriots loyal to the socialist cause has been raised as a very important issue.

In his immortal work, the great leader Comrade Kim Chong-il scientifically elucidated the issue on what type of men are the genuine communist revolutionaries. Communists are, indeed, genuine patriots who struggle by dedicating everything to emancipating their fatherland and people from various exploitations and oppression and to establish the socialist system in their country. Those who do not love their nation and people, cannot



become communist revolutionaries. The respected Comrade Kim Chong-il has expounded a scientific theory on the idea of socialist patriotism. Thus, the working class party is now able to more vigorously carry out the men-remolding work with a powerful weapon for educating genuine *chuche*-type communist revolutionaries.

This is significant because this enabled the people to firmly safeguard the socialist gains by cherishing a national pride in living and carrying out the revolution under the socialist system.

The socialist cause can be advanced, defended and protected only by the struggle to crush the various aggressive maneuvers of the imperialists and reactionaries who infringe on revolutionary gains. For the people carrying out the revolution, no task is more important than to firmly defend the socialist gains by cherishing a genuine sense of patriotism for their fatherland and people. Thanks to the respected Comrade Kim Chong-il, the path of intensifying the education of socialist patriotism was elucidated; the popular masses came to boldly rise in the struggle for socialism with the sense of new confidence and courage, and the socialist cause has been firmly defended from maneuvers of the imperialists and reactionaries.

The idea of the great leader Comrade Kim Chong-il on intensifying the education of socialist patriotism is the great idea which enabled the people to firmly defend the socialist ideological camp and socialism, not matter how violent wind may blow. This idea is a militant banner which leads our revolution and overall socialist movements to victory.

By cherishing the great pride in living and carrying out the revolution in the *chuche* socialist fatherland by upholding the great leader Comrade Kim Chong-il — the outstanding thinker and theoretician —, all party members and working people should devotedly struggle for the prosperity and development of the socialist fatherland.

#### Article Urges Building Up Moral Education

SK0410102795 *Pyongyang NODONG SINMUN*  
in Korean 3 Sep 95 p 2

[Article by Doctor Pak Sun-chae: "Strengthening Moral Education Is an Important Requirement for Consolidating and Developing Socialism"]

[FBIS Translated Text] In his classical work, "Giving Priority to Ideological Work Is an Indispensable Requirement for the Accomplishment of the Cause of Socialism," the great leader [yondoja] Comrade Kim Chong-il has elucidated that strengthening socialist

moral education is an important requirement for consolidating and developing socialism.

The great leader [yongdoja] Comrade Kim Chong-il has taught: "For all members of society to possess a noble moral trait is an important requirement for consolidating and developing socialism."

Socialist moral education is one of the important contents of ideological work. In order to lead all members of society to possess a moral trait in accordance with the inherent demand of socialist society, moral education must be strengthened.

Morality is the social rule of conduct which is voluntarily observed in men's conscience.

In a class society, morality has a class character. In an exploiting class society, the morality of the exploiting class morality becomes a dominant morality and serves for protecting the exploiting class' interests and for suppressing and exploiting the working popular masses. In an exploiting society, no universal morality can be conceivable apart from class interests. Moral corruption is an incurable disease of an exploiting class society and reaches its extreme in capitalist society where everything is dominated by money.

Socialist society — in which comradely unity and cooperation among people have become the basis of social relationship — demands that new morality which meets its inherent nature be extensively established. In socialist society, the social function and role of morality enhance as socialist construction progresses.

Socialist morality is a collectivist morality based on noble comradely love and a revolutionary sense of obligation. Socialist morality is the most superior morality which has inherited the outstanding, laudable moral custom that has been handed down historically among the masses of working people. It is also the most superior morality which has been developed anew in conformity with the inherent demand of society. The standard of the advancement of morality is the independent demand and interests of the popular masses. Socialist morality is the most universal morality which must be possessed by all people safeguarding independence and creativity, which are the inherent social nature of human beings.

Extensively establishing and developing such socialist morality in conformity with the inevitable demand of developing society and strengthening socialist moral education are precisely an important requirement for consolidating and developing socialist society.

To safeguard and defend the cause of socialism and to endlessly add luster to it, it is imperative to lead people to deem it as their moral obligation to defend socialism.



In an exploiting society, the ruling class' politics contradicts the popular masses' morality. However, in socialist society in which the popular masses have become the masters of state and society, politics and morality agree with each other. Only when socialist morality is extensively established can the popular masses' political and ideological unity and solidarity be further strengthened, a sound and revolutionary tone of life be established in the whole society, and socialist construction be vigorously carried out.

Strengthening socialist moral education is an important guarantee for fostering all members of society as genuine revolutionaries loyal to the party and the leader [suryong] and, thus, for leading them to devote to the socialist cause.

A process of the development of socialism is a process of the development of mankind. Accordingly, the most important thing in the development of mankind is an ideological, spiritual, and moral development.

Socialist moral education is ideological indoctrination work to make all members of society strong and exuberant mentally and morally by leading them to possess noble moral traits. Those who are directly entrusted with the implementation of the socialist cause are the popular masses. Whether or not socialism can be firmly defended and adhered to depends on the popular masses' political and ideological preparations and moral features.

Socialism can advance victoriously while surmounting all sorts of trials only when all members of society make socialism their firm faith and morality.

What is most important in the mental and moral features of the genuine revolutionaries who are struggling for socialism is their infinite loyalty to the party and the leader [suryong].

Loyalty to the leader [suryong] is the first life of communist revolutionaries and is the highest expression of communist morality. The revolutionaries deeply grasp the truth of the revolution and grow up to be revolutionary fighters under the leader's [suryong] bosom, and embrace the most noble political life. Being dutiful to the parents who gave life to us and brought us up is a natural duty as sons and daughters. Likewise, being loyal to and carrying out one's filial obligation to the leader [suryong], who is the benefactor of our political life and the father, is a revolutionary sense of obligation as well as moral obligation as revolutionary fighters.

Those whose loyalty to the party and the leader is higher come to cherish as their noble moral obligation further devoting themselves to the leader's [suryong]

revolutionary cause, the cause of socialism; further safeguarding and defending socialism with firm faith in socialism; and further adding luster to socialism. In conclusion, strengthening socialist moral education is an important requirement for bringing up all members of society as resolute revolutionaries who keep in their hearts the pure and clear loyalty toward the party and the leader [suryong] as their revolutionary belief and sense of obligation and who regard their loyalty to the socialist cause pioneered by the leader [suryong] as their moral obligation.

Only by strengthening socialist moral education can we successfully carry out the cause of socialism under all circumstances. This is a lesson of history. The people who often chanted their loyalty toward the socialist cause in the past sank to being betrayers of the revolution in a day. This is closely related to the fact that they failed to make socialism their faith as well as their morality.

Strengthening socialist moral education is also an important requirement for making socialism invincible by further consolidating the singlehearted unity of the leader [suryong], the party, and the masses.

The source of the invincible might of socialism and its constant development lie in the political and ideological unity and cohesion of the whole society. The revolution is unity. When we are united, we will always prevail. This is the truth of revolution confirmed by history.

The most solid unity is the singlehearted unity of the leader [suryong], the party, and the masses.

When the singlehearted unity of the leader [suryong], the party, and the masses becomes ideological and volitional unity as well as moral and moral volitional unity, it is most solid. Unity by means of a sense of obligation, or businesslike unity will not last long and cannot overcome the stern trials of the revolution. Only singlehearted unity firmly rallied around the leader [suryong] on the basis of one ideological will and the revolutionary sense of obligation can become invincible unity and cohesion that surmounts any trials and difficulties.

Strengthening socialist moral education enables all members of society to deeply grasp the principles of comradely love and the revolutionary sense of obligation in a social group in which the leader [suryong], the party, and the masses are united as one social and political organism, and to thoroughly implement them. When socialist moral education is strengthened, the people can be united in moral obligation with a pure heart for the party and the leader [suryong], keeping in their minds a revolutionary sense of obligation.



Strengthening socialist moral education is also a firm guarantee for highly exalting the superiority and vitality of socialism by establishing a sound and revolutionary life ethos throughout the whole society.

Establishing a revolutionary life ethos throughout the whole society is of important significance in consolidating and developing socialism and adding luster to it. Unlike a capital society in which all kinds of social disorder, confusion, various crimes, and the decadent tone of society overflow, a socialist society is a highly organized and stabilized society. In a socialist society, there is no distinction between the exploiting class and the exploited class, and all the people are genuine masters of the state and society. Socialist society calls on all the people to voluntarily abide by the state's law and order; to repudiate idleness and indolence; and to lead sound lives in a revolutionary manner. In addition, socialist society calls on all members of society to value and love the joint assets created by collective labor and to thoroughly abide by public morality in every sector of society's community life.

Strengthening socialist moral education makes it possible not only to enhance the concept of morality among people and to establish among them a life ethos which accords with socialist society, but also to make socialism constantly consolidate and develop while highly demonstrating its superiority and vitality without receiving the imperialists' ideological and cultural infiltration and the influence of bourgeois lifestyles. When socialist moral education is strengthened, the whole society can seethe with the laudable communist custom of helping and leading each other and can thoroughly establish a sound and revolutionary life ethos, and thus socialist construction can be carried out vigorously.

Some countries which were building socialism in the past failed to pay due attention to establishing a new morality which accords with the inherent nature of socialism and tended to even believe that stressing morality would weaken the revolutionary spirit. Morality does not contradict the revolutionary spirit. On the contrary, it all the more consolidates the revolutionary spirit.

By strengthening socialist moral education, our party has led our people to have a noble moral ethos and has firmly defended our socialist fortress. In our country today, socialist morality has taken its position deep in the people's hearts and has become all of our people's routine life. It is also being highly exalted as a laudable communist custom everywhere in our country. This experience clearly shows that only by establishing the spirit of adhering to socialist morality throughout the whole society, and thus by leading socialism to take roots deep in our people's minds and life can we firmly

defend the cause of socialism even under any difficult circumstance and trial and cause socialism to advance victoriously.

**Thai Paper Carries Kim Il-song's Reminiscences**

*SK0410142095 Pyongyang KCNA in English*  
*1009 GMT 4 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 4 (KCNA) — The reminiscences of the great leader President Kim Il-song "With the Century" was introduced by foreign newspapers.

The Thai paper XING SAN RIBAO introduced the publishing notice and contents of Vol. 6 of Part 1 the anti-Japanese revolution of his reminiscences "With the Century" under the title "Precious Manuscripts Left by Great Man To Humankind".

The paper stressed that the reminiscences is an ideological weapon indicating the road to national, class and human emancipation and a militant banner encouraging and leading the human cause of independence to victory.

The basic content of the Vol. 6 was introduced by the Maltese paper L'ORIZZONT and the Pakistani paper AL-AKHBAR.

**Article on 'Successor' to Kim Il-song**

*SK0510031495 Pyongyang KCNA in English*  
*1515 GMT 4 Oct 95*

["Leader Will Be Immortal Only When His Successor Is Great" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 4 (KCNA) — Vladimir Tolstikov, chairman of the Central Council of the Russian Association for Friendship and Cultural Cooperation With the Democratic People's Republic of Korea, issued an article headlined "Leader Will Be Immortal Only When His Successor Is Great."

He in his article elaborated on the great personality of the great leader President Kim Il-song as a legendary hero and a peerless great man, which he felt in his meetings with President Kim Il-song.

He said:

Comrade Kim Il-song was a legendary hero who defeated the two formidable imperialisms in one generation to save and defend the destiny of the Korean people.

He defeated the Japanese imperialists and revived the Korean nation in his thirties and defeated the U.S. imperialists who boasted of being the "strongest" in the world and firmly safeguarded the destiny of the Korean



nation in his forties. For such undying feats of his, Comrade Kim Il-song is highly praised as the greatest man ever known in history and the saviour of the nation.

The Korean people, who had been humiliated and maltreated as a weak and small nation for a long time, have had their leader in the person of Comrade Kim Il-song, so that they have become a dignified people who see the world under their eyes, standing above an endless stream of humankind, and a people with bold and big heart.

The passing away of Comrade Kim Il-song, who was a great sage as well as an elder of world politics and who was a great man as well as an outstanding head of state, was a loss of our planet and it was so exceptional a vacuum that any things of human history cannot make up for, he said, and added that it was not until he saw Comrade Kim Il-song, who is preserved in state at Kumsusan Memorial Palace in Pyongyang that he found a solution as to how to make Comrade Kim Il-song immortal, which was a primary task in the past one year of his soul and life.

He further said in his article:

What impressed me most during my visit to Kumsusan Memorial Palace was the truth that since there is Comrade Kim Chong-il, Comrade Kim Il-song will be immortal, and the belief that led by Comrade Kim Chong-il, the Korean revolution and socialism of the world will cover the earth with red glow, breaking through manifold difficulties and ordeals cropping up in the history of politics and revolution.

The truth that the leader will be immortal only when his successor is great, was the best solution I found at Kumsusan Memorial Palace; it was what I wanted to tell the communist movement of the world.

Comrade Kim Il-song is alive in the hearts of the people in the form of eternal life and his cause is being carried forward in full. This is attributable wholly to Comrade Kim Chong-il.

Socialism is making a long drive in Korea, with an eternal viability in such an unheard-of storm as can be seen today, while socialist cause has suffered setback and capitalism has been revived in some countries. This tells that the leader will be immortal and his cause will be carried to completion only when there is a great successor unfailingly loyal to him.

Observing with keen interest the ceremonies held in the DPRK to celebrate the 50th anniversary of Korea's liberation, he keenly felt the essence of the outlook on politics and morality, which is possessed by Comrade Kim Chong-il, who is carrying on the revolution and

construction, subordinating everything to the work to add lustre to the feats of Comrade Kim Il-song for all ages, he said, and continued:

Comrade Kim Chong-il directs his energies and wisdom to being loyal to the leader as his political successor and to defending and glorifying the great exploits of Comrade Kim Il-song.

It is only too natural that today the revolutionary people and progressives of the world speak highly of Comrade Kim Chong-il as a peerless great man who will lead the 21st century and the supreme paragon of true communists with flawless moral viewpoint towards the leader.

I believe that it is not only the honor of Korea but also the happiness of our planet and the future of the universe to have Comrade Kim Chong-il with the unshakable position that he is a soldier of Comrade Kim Il-song not only when he was alive but after he passed away, the firm stand to do everything as intended by Comrade Kim Il-song and the resolute principle with which he makes no concession as regards the dignity of Comrade Kim Il-song.

I firmly believe that led by Comrade Kim Chong-il Korea and we communists will firmly defend the bulwark of socialism in the face of the prevailing betrayal and treason as well as imperialist allied forces.

#### **Media Report on Harvesting Results**

SK0510055495

[FBIS Editorial Report] Following is a compilation of DPRK reports from 29 September to 3 October on grain harvesting from Pyongyang Korean Central Broadcasting Network in Korean and Pyongyang Korean Central Television Network in Korean.

Pyongyang Korean Central Broadcasting Network in Korean at 1200 GMT on 29 September carries a brief report on corn harvesting across the country. It says: "According to data, 45 percent of all corn harvesting was finished as of 20 September." It goes on to say that "over 90 percent was completed in South Hwanghae Province and Nampo" and that "corn harvesting has been finished completely in many cities and counties."

Pyongyang Korean Central Television Network in Korean at 1100 GMT on 29 September carries a one-minute report that members of the farm where Comrade Choe Chong-kil works is further accelerating corn threshing. In an interview, an unidentified peasant pledges to "finish rice harvesting by 10 October after quickly finishing the corn harvesting campaign."



Pyongyang Korean Central Television Network in Korean at 1100 GMT on 30 September carries two one-minute reports on grain harvesting. The first report says that the Kupo cooperative farm in Hwangju County has "finished 40 percent of grain harvesting." The second report says that the Pugil cooperative farm in Pyongwon County finished corn harvesting in 10 days and is threshing tens of tonnes of corn a day. The report also says that the cooperative farm is finishing 8 to 9 percent of rice harvesting a day.

Pyongyang Korean Central Broadcasting Network in Korean at 1200 GMT on 30 September carries two reports on grain harvesting. The first report says peasants in South Hwanghae Province have "finished 38 percent of rice harvesting." The second report says the Okto cooperative farm, Yonggang County, Nampo, "finishes 10 percent of rice harvesting per day."

Pyongyang Korean Central Broadcasting Network in Korean at 1200 GMT on 1 October carries three reports on accelerating rice harvesting on the state farm of Mangyongdae District in Pyongyang, on cooperative farms in Kim Chong-suk County, Yanggang Province, and on the general farm of Imsan County.

Pyongyang Korean Central Broadcasting Network in Korean at 1200 GMT on 2 October reports that cooperative farms in Hamju County are accelerating rice harvesting.

Pyongyang Korean Central Broadcasting Network in Korean at 1200 GMT on 3 October reports that cooperative farms in Chaeryong County have finished 80 percent of rice harvesting.

Pyongyang Korean Central Broadcasting Network in Korean at 2100 GMT on 3 October reports that farms in Pyongwon, Sukchon, and Mundok Counties are accelerating rice harvesting.

#### **Officials Discuss Years of Agricultural Growth**

*SK0510074495 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 1 Oct 95*

[FBIS Translated Text] Under the wise leadership of the fatherly leader and the great leader [yongdoja] Comrade Kim Chong-il, our agriculture has achieved surprising developments during the past 50 years, thus, vigorously manifesting the justness and vitality of our party's agriculture policy.

Song Ui-chong, vice chairman of Agriculture Committee, and Comrade Choe Myong-hun, its director, who met station reporter Kim Sung-kun, said the following:

[Begin recording] [Song Ui-chong] Tracing the 50 years of our socialist agriculture, one can see that agriculture

has achieved surprising cataclysmic changes due to the fatherly leader's burning labor and the leader's agriculture construction plan which is being brilliantly realized by the great Comrade Kim Chong-il's wise leadership and prudent care.

Before liberation, only one or two tonnes of grain per chongbo [1 chongbo=2.45 acres] of paddy fields and only several hundreds of kilograms of grain were produced in the dry fields. However, today, the grain yield per chongbo in the paddy and dry fields has increased considerably. In particular, when viewing just the overall data of Pyongwon county, South Pyongan Province of several years ago, grain yield increased by 1.2 times; the production of vegetables, fruits, and meat each increased three times; and some 1,000 tonnes of grain have been produced since the announcement of the rural thesis. We can truly say that the level of agricultural development of a country is intensified by looking at the yield per unit. When viewing just Pyongwon county, South Pyongan Province, we can see that our agriculture has been enhanced highly under the rays of the rural thesis, can we not?

[Choe Myong-hun] Yes, that is so. Such great change in agriculture is not limited to here. From early on, our party regulated irrigation, electrification, mechanization, and chemicalization as the four basic tasks in the agriculture technology revolution, and by presenting a unique policy on economizing irrigation, we have long completed irrigation and electrification on our farms.

Compared to overall data of a few years ago, while we only had a small reservoir in the past, we now have some 1,700 small and large reservoirs; some 25,800 pumping stations; and [words indistinct] tens of thousands of kilometers of irrigation networks .

Viewing just South Hwanghae Province, the total extended waterway length is [word indistinct] in which the irrigation water of Sohae Lockgate overflows to all paddy and dry fields of South Hwanghae Province including Yonbaek plain, Ongjin, and [word indistinct]. Along with this [word indistinct] irrigation, the overall mechanization and chemicalization of rural economy are being brilliantly completed.

Before liberation, there was only [word indistinct] on our farms. However, since a long time ago, there have been seven tractors in the flatlands and six tractors in the middle and mountainous regions in 100 chongbo per tilled land. Also, compared with 1964, the number of tractors have increased by over four times.

In addition, there were many agricultural machines such as machines for rice transplanting and rice seedling pulling machines in cooperative farms throughout the



nation. Therefore, almost all farming process is being carried out with machines. Along with the overall mechanization of rural economy, chemicalization is also being rapidly promoted and thus, the rural thesis task of applying over one tonne of chemical fertilizer was already realized from a long time ago, and today, the amount of nitrogen, phosphorus, and potash fertilizer applied in the paddy and rice field per chongbo totals the level of over two tonnes.

The realization of the century old long-cherished desire of our farmers was achieved not only in the agriculture field. Before liberation, our farmers who received all kinds of contempt on their land, today have become the master of the country and the master of the land, thus, enjoying happiness to their hearts content, and have become agricultural workers with high [word indistinct] technical knowledge.

Therefore, from a long time ago, the number of technicians and experts serving in the farms totals over 240,000 people, and on the average 62 technicians and experts are realizing the *chuche* farming method at every cooperative farms. In addition, universities, professional schools, and research institutes that deal with specializing in agriculture were established in the cities and counties of each provinces, and reliable bases producing and repairing various agricultural machines and spare parts including the Kumsong tractor general plant and the Haeju agricultural machine plant were magnificently maintained.

[Song] Truly this surprising change in our country's agriculture is a proud reality showing the justness and vitality of the great rural thesis provided by the fatherly leader, and a result of the respected and beloved Comrade Kim Chong-il's wise leadership.

All the party members and agricultural workers in our agricultural sector who deeply experienced our party's wise leadership and its great vitality through practice during the past 50 years, must always bear in mind the great labor by the fatherly leader which he devoted to the people; uphold the respected and beloved Comrade Kim Chong-il with rice; and must once again newly resolve to further elucidate my country and my fatherland. [end recording]

#### **NODONG SINMUN Urges People's Advancement**

*SK0410143995 Pyongyang KCNA in English  
1024 GMT 4 Oct 95*

["Let Us Vigorously Advance Under Uplifted Red Flag of Revolution" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 4 (KCNA) — NODONG SINMUN today carries an

editorial calling upon the entire party members, officers and men of the People's Army and people to vigorously advance under the uplifted red flag of revolution.

The red flag is a banner of victory and glory associated with the whole life of the great leader President Kim Il-song, the editorial stresses, and says:

The great leader Comrade Kim Il-song raised the red flag when he was forming the down-with-imperialism union. Under this red flag he led the anti-Japanese armed ranks along the road of ever victory. And it is the red flag of revolution which he held aloft in the whole course of his guidance over the Workers' Party of Korea, the revolutionary party of *chuche* type.

He is a model of the great revolutionary, the great communist who defended the red flag until the last moments of his revolutionary life.

This red flag of revolution fully carrying his idea, will and personality was the banner of victory under which our people defeated the two villainous imperialisms and demonstrated the dignity of the nation. And it was the banner of struggle under which the era of the glorious Workers' Party was opened in this land.

It is the unshakable determination and will of the great leader Comrade Kim Chong-il to accomplish the revolutionary cause of *chuche* started in the forest of Mt. Paektu, holding high this flag.

Looking far into the future of the Korean revolution, which will have to take a long and rugged course, Comrade Kim Chong-il urges the whole party, army and people to hold higher the red flag. His determination and will to achieve the complete victory of socialism and accomplish the revolutionary cause of *chuche* under the uplifted red flag have become more steadfast since the fatherly leader Comrade Kim Il-song passed away.

Our party members and other working people should dynamically advance, holding aloft the red flag of revolution. This is the most important work at present for firmly defending Korean socialism and effecting a fresh upsurge in the revolution and construction.

The red flag of revolution should be held higher when the imperialists are more frantically resorting to moves to isolate and stifle our country, the indestructible bulwark of socialism, the editorial says, and goes on:

In order to make a vigorous advance under the uplifted red flag of revolution, it is important to uphold the leadership of Comrade Kim Chong-il with the unshakable faith and sense of obligation and with all wisdom and zeal.



It is also necessary to maintain the ideas and lines of our party and stubbornly fight against the imperialists and the class enemy as the anti-Japanese revolutionary predecessors did.

**North Pyongan's Cholsan Dam Completed**

*SK0410141495 Pyongyang KCNA in English*  
*1003 GMT 4 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 4 (KCNA) — The Cholsan barrage, built in North Pyongan Province, was commissioned on the threshold of the 50th anniversary of the Workers' Party of Korea.

With the barrage built, it has become possible to water around 6,000 hectares of reclaimed tideland.

The great leader Comrade Kim Chong-il sent thanks to builders of the barrage for their feats in its construction.

A ceremony for commissioning the barrage took place on the spot on Tuesday.

A letter of pledge to Comrade Kim Chong-il was adopted at the ceremony.

**South Korea**

**Kong No-myong Views U.S. 'Continued Presence'**

*SK0510025595 Seoul YONHAP in English*  
*0216 GMT 5 Oct 95*

[FBIS Transcribed Text] Seattle, Oct. 4 (YONHAP) — Foreign Minister Kong No-myong Wednesday asserted his support for America's continued presence in East Asia and on the Korean peninsula, saying "It is indispensable for the continued stability and prosperity of the entire Asia-Pacific region."

Speaking to the inaugural meeting of the Korea-America Society of Washington held in Seattle, where Kong stopped before returning home from his visit to the United Nations, the foreign minister said, "The United States should continue to play the role of maintaining peace and stability in the region, despite newly emerging efforts for a regional security dialogue in the Asia-Pacific region."

Kong also said that South Korea is willing to shoulder its share of the defense burden, commensurate with its enhanced national capabilities, in order to keep the Korea-U.S. partnership viable and mature.

Touching on Korea-U.S. trade relations, Kong said that the further opening of Korea's market has been the major trade issue between the two countries since the 1980s.

Kong also expressed his hope that continued U.S.-Korea dialogues based on a spirit of understanding and

compromise will produce solutions which will serve the interests of both nations.

The foreign minister noted that interdependence between the two countries has reached the point where any type of retaliatory measures enacted against the other could damage both nations, stressing the need to overcome their different modes of thinking to enhance bilateral relations.

Kong will return to Seoul Friday, winding up a two-week visit to the United Nations.

**U.S. Bill on Relations With North Viewed**

*SK0510041495 Seoul YONHAP in English*  
*0256 GMT 5 Oct 95*

[FBIS Transcribed Text] Washington, Oct. 4 (YONHAP) — Sen. Frank Murkowski (Rep.-Alaska) proposed legislation Wednesday to the Senate which would strictly monitor the enforcement of the nuclear agreement signed between the United States and North Korea in Geneva last year.

Co-written by Sens. Jesse Helms (Rep.-North Carolina), chairman of the Senate Foreign Relations Committee, John McCain (Rep.-Arizona), and Don Nickles (Rep.-Oklahoma), the bill would prevent the United States from establishing complete political and economic relations with the Stalinist state unless it strictly complies with the "agreed framework."

Under the accord, North Korea agreed to freeze its nuclear development program and stop operations at their completed nuclear reactors in exchange for an interim supply of alternative energy and two "light-water" nuclear reactors.

Murkowski, former Republican head of the East Asian and Pacific Affairs Subcommittee of the Senate Foreign Relations Committee, believes that the accord as it stands now lacks sufficient detail in terms of the timing and nature of actions by both sides needed to comply with the agreement's terms. He also added that the accord does not provide enough assurances that North Korea will abandon its nuclear development program nor give adequate leverage to the United States over the communist nation.

The bill's approval, according to Murkowski, would "ensure that everyone, including the North Koreans, knows exactly how and when — and if — the funding will be provided by Congress or whether additional diplomatic or economic steps will be taken toward North Korea."

In addition, he emphasized that "since U.S. taxpayers' funds are going to be used, Congress must play a



monitoring role" to guarantee that the money goes solely toward ensuring a nuclear-free Korean peninsula.

Under the bill, full diplomatic and economic relations between both countries would be prohibited unless North Korea:

- Makes progress in direct talks with South Korea to normalize relations,

- Meets International Atomic Energy Agency safeguard standards and allows the inspection of two suspected nuclear waste sites,

- Implements a more efficient and standard procedure for the return of missing U.S. servicemen's remains from the Korean war, including joint field activities,

- Allows for the removal of spent nuclear fuel to a third country,

- Dismantles its graphite reactors in such a way as to ensure that their reactivation cannot occur in the future,

- Agrees to adhere to the missile technology control regime,

- No longer meets the criteria which places it on the list of nations which support international terrorism,

- And, takes positive steps to show greater respect for human rights.

Furthermore, the bill would bar the U.S. Government from supporting exports of alternative fuel to North Korea if that nation fails to maintain the freeze on its nuclear program or diverts the fuel for unauthorized uses.

"Until North Korea proves it is no longer a renegade state and wishes to behave as a respected member of the international community, including by negotiating peacefully with the Republic of Korea concerning the future of the Korean peninsula, we should not establish full economic and political relations," Murkowski asserted.

#### **Forces Incapable of Intercepting Scud Missile**

*SK0410130195 Seoul HANGUK ILBO in Korean  
4 Oct 95 p 1*

[Report by Son Tae-kyu]

[FBIS Translated Text] As a result of the assessment conducted on an exercise simulating an operational plan held between the ROK and U.S. forces during the Ulchi-Focus Lens exercise from 21 August to 1 September, it was revealed that the ROK-U.S. combined system's ability to search for and intercept North Korean Scud missiles fell short greatly.

According to the Defense Ministry on 3 October, the two countries' forces staged an operation to eliminate Scud missiles by targeting their disposition in a computer war game. However, they experienced great difficulty in finding the missiles. In addition, the forces of the two countries put air strength on alert and tried to attack the target, but failed to achieve a satisfactory result. It was especially pointed out that in the event that North Korea fires Scud missiles loaded with chemical warheads, there is no effective countermeasure for this.

It was also evaluated that the ROK-U.S. combined strength does not have special defensive measures to intercept Scud missiles other than a battalion of Patriot missiles deployed by the U.S. Forces for the defense of bases.

In this connection, at the bilateral talks held in the wake of U.S. Assistant Defense Secretary Joseph Nye's visit to the ROK in mid-September, high-ranking military officials of the two countries deeply acknowledged the problem in ROK-U.S. combined strength in intercepting Scud missiles and found common ground that appropriate steps be mapped out at the earliest possible date.

#### **U.S. Automakers Compete Against EU Challenge**

*SK0510020395 Seoul THE KOREA TIMES in English  
5 Oct 95 p 8*

[Report by staff reporter No Chun-hun]

[FBIS Transcribed Text] American "Big Three" automakers, boosted by the recently concluded Seoul-Washington automobile talks, is upping their ante in the Korean market to compete more effectively with European companies.

Local distributors of Ford, General Motors and Chrysler are promising improved after sales services, the availability of a wider range of cars and more competitive pricing on vehicles with large engines.

One official at Inchcape, a distributor of GM cars, said the Seoul Motor Show held early this year was only a glimpse of what American cars are all about, and the new marketing strategy will be more appealing to consumers.

The determination of America automakers to reaffirm their presence in the Korean market is natural when considering their market share has been dwindling just as the market opened wider.

The three top American automobile companies had owned 74.6 percent of the domestic import market in 1993, but the number fell to 49.3 percent last year amid tough competition from European companies like BMW and Mercedes-Benz.



In fact, as the volume of foreign imports reached over 0.6 percent of the total Korean market this year, the American share of the pie plunged to a record low 38.3 percent, industry statistics showed.

Inchcape officials said the Korea-U.S. memorandum of understanding on greater access to the Korean auto market allows for prime time advertising, and GM will capitalize on the opportunity to gain a larger market share.

According to informed sources, Ford, which currently markets Mercury Sables through Kia Motors, will be opening a direct distribution company going into commercial operation in April next year.

They said Ford is planning to market a series of other models, including the Windstar minivan, Explorer jeep and the 3,800cc perennial market leader Mustang.

In addition, Ford is targeting the semi-luxury sedan market with its 2,000cc model by setting the price range close to the Hyundai Sonata and Marcia and Kia Cremos, sources revealed.

As for Inchcape, it will concentrate on larger luxury models, including the 4,500cc Cadillac STS, sports models Corvette and Camaro to take advantage of the cut in excise and provincial taxes.

Under the Korea-U.S. auto accord, the excise tax on cars with engines larger than 2,000cc will be cut from 25 percent to 20 from Jan. 1. The progressive provincial tax on cars of more than 2,500cc will also be drastically cut.

Inchcape officials said they are planning to increase the stock of the new Grand Am from this year's anticipated volume of 600 units to as many as 1,500 next year.

Chrysler, on the other hand, is focusing on both the middle and high-end market with the LHS targeting the rich. The automaker, marketing through Woosung Distribution, is hoping to find a solid market here by pricing the popular Neon model around 17 million won.

One senior Woosung marketing official said access to prime time advertising is a strong instrument to let consumers know the availability of its vehicles in virtually all price ranges.

"At the same time, we will be concentrating on the category of the market that is most popular among Korean consumers, the semi-luxury section dominated by Hyundai Sonata," he explained.

### **Ministry Reports Rise in Foreign Crime**

*SK0510053895 Seoul YONHAP in English*  
*0504 GMT 5 Oct 95*

[FBIS Transcribed Text] Seoul, Oct. 5 (YONHAP) — The number of crimes committed by foreigners residing in South Korea increased this year, the Justice Ministry said Thursday.

According to a report the ministry submitted to the National Assembly for parliamentary inspection, a total of 1,144 crimes were committed by foreigners residing here in the first half of this year, 79 more than the number recorded for the same period last year.

U.S. citizens accounted for most of the crimes, 54.6 percent or 625 cases, followed by Taiwan with 10.9 percent (125 cases), China with 10.7 percent (122 cases), Japan with 6.1 percent (70 cases), the Philippines with 3.0 percent (35 cases), Pakistan with 1.0 percent (11 cases) and Hong Kong with 0.4 percent (5 cases).

The number of U.S. soldiers who violated laws here totaled 447 between January and June this year, up 73 instances from 374 recorded for the same period last year.

Meanwhile, the prosecution indicted 361 foreigners during the cited period, compared with 333 a year ago.

### **More Foreign Cars Enter With Eased Restrictions**

*SK0510044395 Seoul THE KOREA TIMES in English*  
*5 Oct 95 p 8*

[FBIS Transcribed Text] A total of 25,649 foreign cars were registered here at the end of August this year, according to a report by the Construction and Transportation Ministry to the National Assembly.

The number of foreign cars is a 25 percent increase since August's 20,260 cars. Foreign cars numbered 16,172 in 1993 and 16,500 in 1992.

A ministry official said that foreign cars have been rushing in because of the continuous ease in restrictions.

Meanwhile, Korea had 8,097,460 vehicles at the end of August, up from 7,404,347 last year.

### **Daily Views North Scud Missile Development**

*SK0510045095 Seoul HANGUK ILBO in Korean*  
*4 Oct 95 p 5*

[Article by reporter Son Tae-kyu: "Uneasiness Over North Korean Scuds"]

[FBIS Translated Text] Scuds are missiles that North Korea are producing and deploying for actual warfare. North Korea reportedly has approximately 30 launchers



of Scud-B's and -C's with ranges of 300 to 500 km and approximately 500 high-explosive bombs.

A warhead which weighs 500 kg is capable of damaging an area within a radius of 700 meters. Its real power is estimated to be relatively small because of its low accuracy. However, if North Korea launches an all-out Scud attack on the metropolitan area in the ROK, it will do significant damage. Above all, the psychological impact will be great.

North Korea's full-fledged missile development was based on the Scud-B's which it bought from Egypt in 1981. It successfully test-fired Scud-B's and -C's in 1984. After developing the missiles, North Korea inaugurated a missile unit in the People's Army in early 1986, which expanded into a regiment in 1988, and a brigade in 1991.

North Korea started development of Scud-D's, called Nodong No. 1, in 1989, and test-fired them on 29 May 1993. Nodong No. 1 was so named because it test-fired them from a launch pad in No-tong, near Kim Chaek City, North Hamgyong Province, toward the middle of the East Sea. At that time, North Korea showed its reckless nature in not notifying the international community, and test-firing them toward aviation and navigation routes where civilian aircraft and ships travel. The range of Nodong No. 1's is approximately 1,000 km; it can strike any place on the Korean peninsula, Japan's Tokyo and Osaka, Russia's Khabarovsk, China's Beijing and Shanghai, and Taiwan.

In particular, North Korea has exported a large quantity of Scuds to the Middle East, to such countries as Iran and Syria. As a result, its missile development level has received international recognition. In return for the supply of missiles to Iran, North Korea received petroleum from the country and has promoted close military ties with it.

During an inspection of state affairs by the National Assembly, the ROK Air Force stated last month: "There are five stages in responding to Scud missiles: Finding targets of attack; attacking missile bases before missiles are launched; destroying missiles when they were flying at low and high altitudes; and taking shelter in case we fail to destroy incoming missiles in midair." It also said: "As a joint response, the ROK and the United States are surveilling the entire North Korean region with three satellites. They are also mapping out operational plans to establish an automatic alert system for immediate detection of any missile launch."

North Korean Scud bases, however, are located in hard-to-locate areas. And, it has been revealed the ROK-U.S. joint capability to detect launchers is limited. Moreover,

the midair interception system, a means for positive defense, is imperfect. Therefore, it is necessary to map out countermeasures immediately.

During the Gulf war, the United States failed to completely succeed in intercepting Iraqi Scud missiles and destroying them.

#### **North Visitor Pak Yong-kil Refuses To Appear**

*SK0410140795 Seoul YONHAP in English*  
0506 GMT 4 Oct 95

[FBIS Transcribed Text] Seoul, Oct. 4 (YONHAP) — The first public trial of a National Security Law violation case involving Mrs. Pak Yong-kil, the widow of the late Rev. Mun Ik-hwan, was canceled Wednesday as she did not appear at the hearing.

Officials at the Seoul detention house said that Pak is refusing to stand her trial, arguing that the authorities concerned should be charging her with violating the law on South-North exchanges and cooperation instead of the National Security Law.

Pak, 76, was arrested by the Agency for National Security Planning on July 31 when she returned to South Korea via the truce village of Panmunjom after attending events in the North marking the first anniversary of the late North Korean President Kim Il-song's death in early July.

Pak entered the North on June 28 without prior approval of the South Korean authorities and was arrested upon her return on charges she violated the National Security Law.

She was quoted by detention house officials as saying, "I only attended the events marking the first anniversary of the death of Kim Il-song. I did not do anything to praise or encourage North Korea. So the authorities are wrong to indict me on charges I violated the National Security Law.

"Therefore, the law on the South-North exchanges and cooperation should be applied to my case."

#### **North Shipping Volume Exceeds South's**

*SK0410141195 Seoul YONHAP in English*  
0128 GMT 4 Oct 95

[FBIS Transcribed Text] Seoul, Oct. 4 (YONHAP) — The volume of North Korean goods transported to South Korea through sea routes is nearly three times larger than that of deliveries in the opposite direction, the Korea Maritime and Port Administration said Wednesday.

According to statistics compiled by the administration between 1993 and August this year, South Korea



received seaborne deliveries of about 655,000 tons from North Korea while North Korea-bound shipments totaled 255,000 tons.

The numerical comparison of freighters involved showed an even greater disparity, with South Korea-bound ships outnumbering those going in the opposite direction 357-112 during the cited period.

With the exception of 18 ships which carried rice aid to the North, all the vessels shuttling goods between the Koreas were from third countries, including China, Russia and Singapore.

#### **Ship Prevented From Leaving on New Route**

*SK0410120995 Seoul YONHAP in English  
1200 GMT 4 Oct 95*

[FBIS Transcribed Text] Pusan, Oct. 4 (YONHAP) — A container set to leave Pusan for Najin of North Korea Wednesday afternoon to become the first vessel to serve the just opened direct South-North sea route, failed to set sail due to a brake applied by the government.

Container "Yanlong 4" was scheduled to leave the Pusan harbor at 7 pm carrying 11 containers, but it couldn't leave due to the absence of a green signal supposed to come from the National Unification Ministry.

"We have no way to know why her departure was checked and when she can leave," an official at the Pusan maritime and port administration said.

The direct inter-Korean sea route has been opened by Yanlong Shipping Co., a joint venture firm between Korea Special Shipping Co. and China Yanbian Shipping Corp.

#### **Government To Attend Meeting on Import Curbs**

*SK0410140695 Seoul YONHAP in English  
0448 GMT 4 Oct 95*

[FBIS Transcribed Text] Seoul, Oct. 4 (YONHAP) — South Korea will attend a World Trade Organization (WTO) meeting which will determine whether Brazil violated WTO regulations by instituting measures which restrict foreign car imports, a Foreign Ministry spokesman said Wednesday.

South Korea's Deputy Permanent Representative to the United Nations Office in Geneva Pak Chang-il will lead the South Korean delegation to the WTO balance of payment (BOP) meeting, the spokesman said.

South Korea will consider bringing the case to the WTO in cooperation with other car-exporting countries if Brazil does not comply with requests to lift the measures which limit foreign auto imports, he explained.

Brazil announced last June that it will increase import tariffs on foreign cars by as much as 70 percent beginning March 31, 1995, from the previous rate of 20 percent.

Brazil also limited foreign auto imports during the second half of 1995 to half the amount imported during the first half of the year.

#### **Probe of 'Unfair' Foreign Trading Practices Set**

*SK0510050595 Seoul HANGUK ILBO in Korean  
2 Oct 95 p 1*

[Report by Yi Chong-chae]

[FBIS Translated Text] The ROK Government decided on 1 October to investigate unfair trading practices of our trading partners on a regular basis. It also decided that if such practices hinder ROK companies' activities overseas, it would actively request countries in question to correct the unfair practices or ask international organizations to intervene. It also decided to present a bill concerning this issue to the National Assembly during its regular session this year and have it passed to implement the law from early 1996, at the latest.

According to the Finance and Economy Ministry and the Trade, Industry, and Energy Ministry, the government decided to boldly revise unreasonable domestic regulations in the era of opening up. It also decided to assist domestic companies' overseas activities by asking our trading partners to drop unreasonable demands and revise unfair practices. Toward this end, the government plans to present the "International Business Activities Assistance Law" (provisionally named) to the National Assembly. The draft will call for taking countermeasures against any country if its trading and investment practices adversely affect ROK companies. This means the ROK intends to assist ROK companies' trading and investment activities overseas, while revising unfair domestic regulations to survive in the era of the World Trade Organization.

#### **Ghana To Receive LPG Container Factory Loan**

*SK0510051195 Seoul YONHAP in English  
0110 GMT 5 Oct 95*

[FBIS Transcribed Text] Seoul, Oct. 5 (YONHAP) — South Korea on Wednesday agreed to provide Ghana with 6.4 billion won in loans in order to help the West African nation build a liquid petroleum gas (LPG) container factory there, a Foreign Ministry spokesman said Thursday.

South Korea's Ambassador to Ghana Hwang Pu-hong and Foreign Minister Obed Y. Asamoah of Ghana exchanged notes concerning the provision of Economic



Development Cooperation Fund (EDCF) loans to Ghana in Accra, the African nation's capital, the spokesman said.

The loan will be repaid at a 3.5-percent annual interest rate over the next 20 years, including a five-year grace period, he added.

The ministry also expects a South Korean firm will take part in the LPG container factory's construction in Ghana.

In 1991, South Korea agreed to provide Ghana with 9 billion won in loans for the construction of storage facilities for oil products there.

#### **Nation To Establish Ties With Macedonia**

*SK0510053495 Seoul YONHAP in English  
0457 GMT 5 Oct 95*

[FBIS Transcribed Text] Seattle, Oct. 4 (YONHAP) — South Korea and Macedonia recently agreed in principle to establish full diplomatic relations as soon as possible, Foreign Minister Kong No-myong said Wednesday.

The agreement was made by Kong and his Macedonian counterpart Stevo Crvenkovski Monday when the two held a meeting at the United Nations, according to Kong.

Stopping in Seattle on his way home from a visit to the United Nations in New York, Kong added, "It will be desirable for the country to normalize relations with Cyprus, Syria, Laos and Cambodia, with whom South Korea does not have diplomatic relations, at an opportune time."

Kong instructed South Korea's permanent representative to the United Nations Pak Su-ki to start negotiations with his Macedonian counterpart at the United Nations to realize normalized relations between Korea and Macedonia by the end of the year.

The former Yugoslav state gained independence in 1992.

#### **PRC Seeks To Build Two Aircraft Carriers**

*SK0510050195 Seoul THE KOREA HERALD  
in English 5 Oct 95 p 3*

[FBIS Transcribed Text] China is seeking to build two aircraft carriers within 10 years, said Adm. An Pyong-tae, Korea's chief of naval operations, yesterday.

An said that China, pursuing an ambitious force modernization program, "is believed to be seeking construction of two aircraft carriers by the year 2005."

An made the remarks while answering questions from lawmakers on the National Assembly Defense Commit-

tee during the panel's annual inspection of the Navy. The meeting was held at the Navy Headquarters near Taejon.

An did not say whether the aircraft carrier program by China, which claims the entire Spratly Islands in the South China Sea, would threaten the security of Northeast and South Asia. But military sources in Seoul said it would be a "serious factor" in security in the region, especially in Southeast Asia.

Japan is also expected to build four or more Aegis-class destroyers in years to come in a bid to strengthen its naval force, An said.

An, noting the possibility of confrontation among naval powers in the region, including the United States, Russia, China and Japan, said South Korea needs a naval force to at least such a level that it can play the role of a "balancer."

The Navy will procure several 3,200-ton-class destroyers in a few years under the KDX [next-generation Korean destroyer] program and will establish this year a flotilla of submarines and a maritime tactical intelligence group, An said.

North Korea is enhancing quick landing and long-range attack capabilities by continuing to develop high-speed hovercraft, midget submarines and long-range ground-to-sea missiles, said An.

#### **Sailors Detained for 11 Days by Algeria**

*SK0410134295 Seoul YONHAP in English  
0837 GMT 4 Oct 95*

[FBIS Transcribed Text] Pusan, Oct. 4 (YONHAP) — Eight South Korean and seven Chinese seamen have reportedly been detained aboard a Panamanian flag oil tanker for the last 11 days in Algeria, Pusan Maritime and Port Authorities (PMPA) disclosed Wednesday.

The oil carrier "Ocean Breeze No. 1," entered Ghazaouet port in the North African nation Oct. 24, but since then the ship has been detained by a local shipping authority because the vessel failed to pay agent fees and port charges, a PMPA official revealed.

Eight Korean seamen, including captain Pae Chong-ki, 53, and seven Chinese sailors are currently on board the 3,232-ton oil tanker, the official noted.

PMPA has already requested the Ministry of Foreign Affairs have the South Korean Embassy in Algeria actively mediate the matter since it is worried the crewmen will soon face food and water shortages, the official explained.



In addition, the authorities are urging the Haedong Fleet Co., which manages Korean ships and sailors, to address the problem as soon as possible, the official added.

The president of Haedong said that the Netherlands' Lindama Shipping Co., which chartered Ocean Breeze, will settle the unpaid charges on behalf of the ship's actual owner, a Greek who runs Trustworthy Shipping Co. in Panama.

Meanwhile, the Panamanian shipping firm has reportedly not paid the eight Korean sailors their wages, totalling some 9.40 million won, the official noted.

#### **Premier on Probe of Interministry Discord**

*SK0410134195 Seoul YONHAP in English*  
*1125 GMT 4 Oct 95*

[FBIS Transcribed Text] Seoul, Oct. 4 (YONHAP) — Prime Minister Yi Hong-ku on Wednesday expressed the need to "take a proper look" at the discords which allegedly flared up between the foreign and international trade-Industry ministries during the recent Korea-U.S. auto negotiations.

Kang Hyong-sok, spokesman for the prime minister, said the premier disclosed the need during a cabinet session.

A government source said that a probe will be centered on the background leading to the leaking of the disagreement to the press by a public official.

Kang said, however, there will be no investigation of the medias that printed the alleged troubles.

"Prime Minister Yi stressed that when public officials discuss some government decisions, they should do it from the approach of overall government position, not from the angle of an individual government office involved," Kang said.

#### **Independent Yi Cha-hon Rejoins Ruling Party**

*SK0410141395 Seoul YONHAP in English*  
*0231 GMT 4 Oct 95*

[FBIS Transcribed Text] Seoul, Oct. 4 (YONHAP) — Independent lawmaker Yi Cha-hon rejoined the Democratic Liberal Party (DLP) Wednesday, three years after he bolted from the ruling party in support of unsuccessful presidential candidate Chong Chu-yong in 1992.

Yi, who represents the Pyongtaek-B city district in Kyonggi Province, told a press conference that he decided to return to the DLP in the belief that it is the only party which can achieve grand harmony among the people and rally all forces to defend freedom and democracy.

With Yi's admission, the number of National Assembly seats held by the DLP increased to 168.

Yi, 60, first became a lawmaker in 1977 as a member of the now-defunct "Yujong-Hoe," a group of pro-revitalizing reforms politicians hand-picked by the then President Pak Chong-hui. He has been elected to parliament four times since.

The lawmaker joined the now-defunct United People's Party in 1992, which was founded by Chong Chu-yong, the Hyundai group's honorary chairman.

#### **Cardinal Says Truth on Kwangju Must Come Out**

*SK0510051895 Seoul YONHAP in English*  
*0131 GMT 5 Oct 95*

[FBIS Transcribed Text] Taegu, Oct. 5 (YONHAP) — Stephen Cardinal Kim Su-hwan said Wednesday that the truth about the suppression of the Kwangju democratization movement in May 1980 must be brought to light as it has caused suffering for all of the nation's people.

Emerging from a mass he presided over for nuns, the nation's catholic leader told reporters, "But, it should be done in a democratic manner that won't hurt the stability of society."

Regarding violent student demonstrations demanding that those responsible for the brutal suppression of the citizens' democratization movement be prosecuted, he stressed the need for students to restrain themselves from engaging in such clashes.

On the country's current political situation, the cardinal said, "Political movements featuring regional rivalries are not desirable because such contentions are based on regional sentiments in which nobody puts their trust. I think politicians must first work for the people."

Asked about his plan to visit North Korea, he said, "I want it as much as I want unification, but circumstances make realizing such a trip difficult."

#### **Committee Reports on Election Law Violations**

*SK0510052195 Seoul YONHAP in English*  
*0454 GMT 5 Oct 95*

[FBIS Transcribed Text] Seoul, Oct. 5 (YONHAP) — A total of 284 successful candidates in the June 27 local elections allegedly violated election laws, the Central Election Management Commission disclosed Thursday.

Of the total, the commission filed formal complaints against 96, requested law enforcement authorities investigate 89, based on evidence it obtained, and recommended probes of 99 others, on whom they did not conduct their own investigations.



If any of the 185 officials, against whom formal complaints have been filed or whose investigations were requested by the commission, are found guilty, their elections will be invalidated and another will be held.

Should an elected candidate, his family members, chief campaigner or head campaign accountant be sentenced to a prison term or fined no less than 1 million won for violating election laws, his election will be nullified.

Nine of the 15 special city mayors and provincial governors will be investigated for violations. As formal

complaints were filed against three and probes were requested by the commission for the remaining six.

Also subject to investigation are 23 small city mayors and ward heads, 55 members of special city and provincial councils, and 197 members of small city and ward councils.



## Burma

### Foreign Minister Makes Policy Speech at UN

*BK0510062895 Rangoon Radio Myanmar in Burmese  
1330 GMT 4 Oct 95*

["Excerpts" of general policy speech by Foreign Minister U Ohn Gyaw at the 50th session of the United Nations General Assembly in New York on 3 October — read by announcer]

[FBIS Translated Excerpt] The United Nations is 50 years old this year. On this occasion, we have the opportunity to celebrate the event as well as review the achievements. [passage omitted]

Just as the family of nations must work together to ensure international peace and stability, individual states must promote peace within their territory. I am happy to be able to say that in Myanmar [Burma] peace reigns as never before, and the momentum for positive change continues.

The state government has laid down 12 objectives for the political, economic, and social sectors, and is resolutely carrying them out. Insurgency, which was born with our independence, is now coming to a close.

The unprecedented return to the legal fold of 15 out of 16 armed groups speaks volumes for our efforts at national reconsolidation. The Myanmar Armed Forces have been mounting major offensives against drug traffickers, including the forces of Khun Sa. Since late 1988 there have been 823 engagements with drug traffickers. In these clashes, 15 officers and 567 other ranks from the Armed Forces sacrificed their lives for the country; 55 officers and 1,744 other ranks were wounded in action; and 153 weapons were lost. Enemy losses amounted to 720 killed, 118 captured, 225 surrendered, and 708 assorted weapons seized. This shows the extent of priority given to the fight against narcotics. We are determined to wage war against drug traffickers as a matter of national responsibility and as our duty to humanity.

The courage of the Blue Helmets — members of the UN peacekeeping force — has won much praise. Members of the Myanmar Defense Services deserve recognition for their efforts in fighting the narcotic drug gangs, which are a menace to all of humanity.

We have relied on our own resources to promote development programs in the border areas. Over 2.842 million kyats or US\$400 million have been spent for building infrastructure. We are grateful that recently Japan approved a grant of 1 billion yen or US\$10 million for the purchase of fertilizer and agricultural machinery and implements for the food development program in the border region.

It is our hope that others will join hands with us to develop those regions so that humanity may be freed from the menace posed by narcotic drugs.

On the economic front, Myanmar has made important gains. The economy registered a growth rate of 6.8 percent in 1994-95 and prospects look bright for the future. Foreign investments in Myanmar totalled US\$2.7 billion, and are expected to reach US\$4 billion by the end of the year.

In international relations, Myanmar has consistently pursued a policy of peace and friendship with all states, especially with neighboring countries. Our recent landmark event was Myanmar's accession to the Treaty of Amity and Cooperation at the 28th ASEAN ministerial meeting in Brunei, paving the way for Myanmar's eventual entry to ASEAN.

### Suu Kyi Makes First Trip Outside Rangoon

*BK0410161695 Hong Kong AFP in English  
1206 GMT 4 Oct 95*

[FBIS Transcribed Text] Rangoon, Oct 4 (AFP) — Burmese dissident Aung San Suu Kyi left Rangoon Wednesday for the first time since her release from house arrest almost three months ago to visit a monastery in southeastern Burma, party officials said.

Aung San Suu Kyi left for the Karen state capital Pa-an, about 240 kilometers (150 miles) east of here, to visit Thar Myin Nya, a monk venerated by Burmese Buddhists, at his mountain retreat, the officials said.

The overnight trip was a private pilgrimage with no political overtones, the officials, from Aung San Suu Kyi's National League for Democracy (NLD), said.

The dissident, who was released from almost six years of house arrest on July 10, would return to the capital on Thursday as she was scheduled for a meeting on Friday. Details of the meeting were unavailable.

Aung San Suu Kyi has been making regular visits to monasteries around Rangoon since her release, as well as meeting with families of NLD members who had died in prison, the officials said.

She has declined a number of invitations to visit foreign countries from various organisations.



**Reconvening National Convention Postponed***BK0410153995 Rangoon Radio Myanmar in Burmese  
1330 GMT 4 Oct 95*

["Announcement No. 7/95" issued by the National Convention Convening Commission in Rangoon on 4 October]

[FBIS Translated Text] The National Convention Convening Commission [NCCC] had previously decided to reconvene the National Convention on Tuesday, 24 October 1995. Accordingly, the NCCC, the National Convention Convening Work Committee, the National Convention Convening Management Committee, and various subcommittees have been making the necessary preparations for the smooth reconvening of the National Convention. Most of the delegates from the various delegate groups, however, would prefer to engage in economic activities, especially agriculture, and religious festivities since it is the end of the monsoon. They have expressed their desire to reconvene the National Convention at the end of the Tazaungdaing Festival [at the end of November] rather than the end of the Thadingyut Festival [at the end of October].

After carefully considering the wishes of the majority of delegates, and in order to achieve full attendance at the National Convention, the NCCC has decided to reconvene the National Convention on Tuesday, 28 November 1995.

Signed: Lieutenant General Myo Nyunt, chairman of the National Convention Convening Commission.

**DVB Radio Denies Contact With Arrested Man***BK0510072995 Oslo Democratic Voice of Burma  
in Burmese 1430 GMT 4 Oct 95*

[FBIS Translated Text] According to AFP and REUTER news agencies, a Rangoon resident, Ko Ye Htut, was arrested for allegedly disseminating news fabricated by the SLORC [State Law and Order Restoration Council] military clique on 27 September. According to news reports that the SLORC announced on Tuesday [3 October], Ko Ye Htut was arrested for his contact with a Burmese couple in Canada, the Bangkok-based Burma Information Group, BIG, and the Oslo-based radio of the Burmese opposition. Following are further details on this report.

Radio Myanmar [Burma] and TV Myanmar announced that Ko Ye Htut was arrested at his Rangoon residence along with illegal documents on 27 September. The SLORC reports say that legal action would be brought against him for sending news through his contacts to foreign news and the U.S. Senate to discredit the SLORC military clique.

The SLORC announced that his contacts were a couple living in Canada, the Burmese opposition radio based in Norway, and BIG in Bangkok.

According to reports received by the Democratic Voice of Burma [DVB], the couple in Canada who are said to be Ko Ye Htut's contact are members of his family, and have nothing to do with politics. A member of Ko Ye Htut's family living in Canada says it was just ordinary correspondence among family members.

As for the SLORC's allegation that Ko Ye Htut sent information to BIG in Bangkok, the leader of BIG, Ko Zaq Gyi, said in a telephone conversation with the DVB that Ko Ye Htut was just sending newspapers and magazines published by the SLORC.

[Begin Zaw Gyi recording] We wanted to read domestic newspapers and journals such as MYANMAR ALIN. We tried to subscribe to MYANMAR ALIN but did not get a reply. We also tried to contact the Myanmar Embassy in Bangkok, but got no results. So we approached Ko Ye Htut, and asked him to send us newspapers and magazines officially, which he did. [end recording]

The SLORC announced that Ko Ye Htut was arrested for sending news abroad to discredit SLORC. Furthermore, the SLORC alleged that Ko Ye Htut has contact with the Norway-based DVB. The DVB hereby categorically states there is no contact whatsoever between the DVB and Ko Ye Htut, and that the SLORC allegation that Ko Ye Htut has contact with the DVB is completely unfounded.

**Brunei, Malaysia & Singapore****Malaysia****Minister Says Mahathir's Position Still 'Strong'***BK0510060395 Kuala Lumpur BERITA HARIAN  
in Malay 5 Oct 95*

[Unattributed report; received via Internet]

[FBIS Translated Text] Kota Bharu, Wednesday — The position of the prime minister and UMNO [United Malays National Organization] president has not been affected by developments in several UMNO divisions in Kedah, UMNO Vice President Datuk Sri Najib Tun Razak said.

He said what has been reported by international media on the position of Datuk Sri Dr. Mahathir Mohamed is nothing but simply political speculation.

According to him, the prime minister's leadership is still needed and what has taken place in the divisions cannot be linked to his position.



"Accordingly, there is no reason for us (UMNO members) to be influenced by speculation because foreign media could do something.

"In my opinion, Dr. Mahathir remains as a strong prime minister and party president," he told reporters after inaugurating the 36th annual session of the Inspectors Council of the Education Institute at a hotel here this evening.

Also present during the function were Faizah Nik Mustapha, head of the Inspectors Council of the Education Institute, and Kelantan education director Zorkarnain Abdul Rahman.

Najib, who is also minister of education, was asked to comment on foreign media reports on the prime minister's position due to developments in several divisions in Kedah.

He said no one is worried over the leadership, as highlighted by foreign media, because only the divisions were affected.

"Developments in the UMNO divisions in Kedah have not affected Dr. Mahathir's leadership of the government and party," he said.

According to him, this should not lead to uncertainty or affect the stock market.

"I do not think the speculation about the prime minister's position has been unhealthy or could discourage him from carrying on with his responsibility in leading the state and party," he said.

#### **National 'Pride' Behind French Nuclear Tests**

BK0510101095 Kuala Lumpur NEW STRAITS TIMES  
in English 4 Oct 95 p 12

[Editorial: "A Testing of French Pride"]

[FBIS Transcribed Text] Since 1945, most of the international community has indulged France in its puffed-up efforts to recover the self-esteem it lost during the Second World War. This indulgence was justified by how far it had fallen from grace, and power, after its humiliating defeat by Germany. At the war's outset, the Third Republic of France had the world's largest standing army and one of its richest empires. Within a few months it lost not just its territorial possessions, but its glory and face, and was left to survive the war half as colony and half as the collaborationist Vichy Republic. France's redemption under the new constitution of the Fifth Republic was carried out with an overwrought desire to reassert its place in the world. At its height in the 1950s, this reassertion of French nationalism — loosely referred to as "Gaullism", after the patriarch of

the Fifth Republic, Charles De Gaulle gave the world the conflicts of Algeria, Indochina and Suez.

Reassertion of glory has left France sitting un-pretty within the Atlantic Alliance, as it insists on equal ranking and pride of place among the Western powers. French national pride demands that it possess an independent nuclear deterrent — never mind the fact that its technology is too backward to allow it to build bombs in the reasonable safety of the laboratory. National pride demands that this backwardness must not prevent it from having the big bombs that are the badge of a world power. National pride demands that if there is no other way than to test the bombs live, so be it. Never mind what others say, French power must speak for itself, even if it is shouted down with radioactive fallout from the expropriated atolls of Mururoa. The extent to which world opinion has been ignored can only be the outcome of arrogance gone berserk at the drilling of a massive chip on the shoulder. Only selfish pride can explain how France can reconcile its claims to be one of the world's most advanced and enlightened cultures with the crude ambition of world power. Pride, too must have been behind the French decision to go back on its own moratorium on testing, made three years ago. It should have learnt the lessons of foolish pride then, when it was driven to secretly act in a way that no civilised country would contemplate. Harassed by the Greenpeace vessel Rainbow Warrior, the French Government actually brooked murder and mayhem, to its great shame. The assault and sinking of the ship by French commandos has stood as a monument and a martyrdom to the worldwide green movement, and to Greenpeace's fortunes.

As the Prime Minister has said the logic of nuclear testing strikes at the heart of the weapons themselves — as long as there is felt to be a need for weapons of mass destruction, so will there be the need to continue having to test them. The badge of status given by nuclear weapons carries the hypocrisy of power by threat of total annihilation into the realm of the ridiculous. Secondary powers such as France and China will continue to aspire to the top rung by striving to possess weapons that cannot, God forbid, ever be used. The primary powers, on the other hand, are brazenly two-faced — banning the bomb while they exclusively have enough to blow the world up hundreds of times over. It is power and its consciousness that France displays by its chronic refusal to submit to its own technological inferiority for the good of all. It is high time the world community stopped giving in to Gallic pride and forced it to be earned in peace.



## Singapore

### Minister Calls on UN To Forsake Pragmatism

BK0510085495 Singapore THE STRAITS TIMES  
in English 4 Oct 95 p 1

[Report by Chung Tsung Mien]

[FBIS Transcribed Text] There is not much time left for the United Nations' economic institutions to reform themselves, Foreign Minister S. Jayakumar said yesterday.

The world body, he said, should emphasise its political strengths to ensure that its role in the global economy was not marginalised.

Speaking at the 50th session of the United Nations General Assembly in New York, he added that it would also require an attitudinal shift among member states to save the world body from being relegated to irrelevance.

"We must forsake ideology for pragmatism; posturing for practicality in order to concentrate on a more focused and compact economic agenda," he said.

While a UN report said that the global economy had reached "cruising speed" at 3 percent growth, he noted that more than a quarter of the UN's membership was being marginalised in the world economy.

The UN was not just about peacekeeping or human rights, he said, it also had a role to play in the new world economy.

So far, it had been sluggish in responding to the globalisation of the international economy and the emergence of a borderless world.

But he believed that only the UN could meet the two resulting political challenges:

— Coping with the political consequences of rapid, but uneven, growth.

Rapid growth in some countries had led to political tensions between successful developing countries and the mature Western economies.

Noting that industrialised nations had not achieved significant increases in employment or improvements in living standards, Professor Jayakumar said job creation and job protection would be high on the agendas of political leaders from these countries.

This had led to a "concerted and sometimes very vocal effort" to link economic issues to workers' rights and human rights, social conditions and environmental standards.

"Developing countries view this as bad faith: that the industrialised countries are using any pretext to hobble and handicap the developing world," he said.

The critical issue, he added, was not the rights and wrongs of the case, but managing shifts in relative power positions. The goal was to shape an international order to optimise growth conditions and facilitate the rescue of the least developed countries.

To achieve this, the UN needed to create frameworks that could help manage relations between the successful developing countries and the mature economies, he said.

The world body needed to find self-discipline and the political will to reach genuine, and not just paper, consensus on a realistic global agenda.

"In the new world economy, international order can only be assured by the development of rule-based multilateral regimes that define broad parameters for economic forces that are not susceptible to micro-management."

Such regimes would benefit everyone as it would be uncomfortable and difficult for even the strongest to assert themselves unilaterally.

"A blow aimed at an opponent's chin may end up bruising one's own shoulder," he said.

— Helping the least developed nations build institutions to plug into the globalised economy.

Prof Jayakumar said the UN had to help the least developed nations without intruding into their domestic affairs. Urging the world body to deal realistically with the issue, he said it had to set aside the "largely theological debate" about the relationship between democracy, development and human rights.

While there was no question that repression was wrong, unhealthy and would stifle growth, there was also ample empirical evidence to prove that economic growth required political stability and good government.

"The terms 'democracy' and 'good government' are often used as if they were synonyms. There is a certain degree of overlap. But they are not the same thing," he said.



## Cambodia

### Government Spokesman on 4 Oct Cabinet Meeting

*BK0410153195 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 4 Oct 95*

["Communique of the Government Spokesman's Office" dated 4 October — read by announcer]

[FBIS Translated Text] The plenary session of the Council of Ministers was held on 4 October 1995 at 0830 under the chairmanship of Prince Krompreah Norodom Ranariddh, first prime minister; and Samdech Hun Sen, second prime minister, to discuss:

1. The subdecree on improving tax collection;
2. The issue of oil exploration and the Cambodian-Thai overlapping zone;
3. The report by the Ministry of Foreign Affairs and International Cooperation.

After detailed discussion, the Royal Government decided the following:

1. The subdecree on improving tax collection. The meeting fully agreed on the improvement of the subdecree on two types of stamp duties. First, a stamp duty on a number of documents such as school exam applications, applications for all types of driving licences, school entrance applications, bidding applications for fishing lots and forest plots, applications for opening various companies, all sorts of complaint applications, statutes of various professional companies, registration of tricycles and all types of motor vehicles, and so on. Second, a stamp duty on such things as commercial advertisements made on paper, cloth, or various materials.

2. The Cambodian-Thai joint development zone on an overlapping continental shelf. The meeting discussed in detail and decided on the following major issues:

To promote and strive to set up a Cambodian-Thai joint development zone in the talks on the principle and conditions of joint cooperation.

Concerning the demarcation of the joint development zone, the Royal Government adheres to the Cambodian maritime border line of 1972 and Thailand's line of 1973 without affecting other parties.

The meeting unanimously agreed to let the interministerial technical commission for oil exploration and exploitation prepare for the coming consultative meeting in Phnom Penh on the Cambodian-Thai joint development zone on an overlapping continental shelf between the Kingdom of Cambodia and the Kingdom of Thailand.

3. The report by the Ministry of Foreign Affairs and International Cooperation. The Royal Government attentively listened to and fully agreed with the report of the Ministry of Foreign Affairs and International Cooperation concerning the events taking place in September in the region and around the world.

The meeting also received a report from His Excellency [H.E.] Uch Kim-an, state secretary of the Ministry of Foreign Affairs and International Cooperation, saying that H.E. Ing Huot, minister of foreign affairs and international cooperation, addressed the UN General Assembly on Monday 2 October 1995.

The first prime minister also informed the meeting that he will attend the 50th anniversary of the United Nations, to be held in New York from 22 to 24 October 1995. Samdech Hun Sen, second prime minister, will attend the summit meeting of the Nonaligned Movement in Colombia from 16 to 20 October 1995.

The meeting closed at 1130 in a spirit of agreement and a lofty sense of responsibility.

Phnom Penh 4 October 1995

### Commentary Views Accountability for Grenades

*BK0510093995 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 5 Oct 95 pp 1, 2*

["This Issue's Comment" column by Khemarin: "Who Is Responsible?"]

[FBIS Translated Text] Over 30 people were injured in grenade explosions that occurred on the evening of 30 September at Samdech Son Sann's Buddhist Liberal Democratic Party [BLDP] office and at the Moha Montrei Monastery where people attending the samdech's BLDP congress were staying. The explosions have become a topic of great discussion. Many problems have been raised. The most important question is: Who is responsible for these tragic incidents?

Some people believe the Royal Government is behind the incidents and should be held accountable. Others swiftly refute this assertion, however, saying that people such as the outlawed rebels [Khmer Rouge] and their supporters might be behind the incidents, because creating chaos in Phnom Penh and killing innocent people are part of the strategy of the outlawed rebels and their backers.

It cannot be denied that the perpetrators might also be people who "have no backing" or "receive orders from no one." This could be a group of individuals that is terribly furious with Samdech Son Sann. His party has been divided for so long that some people within the party might be nurturing hatred against their leaders.



The public views the assertions that certain people are behind the perpetrators, are the perpetrators, or are responsible for the incidents as a mere justification to exonerate Samdech Son Sann from responsibility for his persistence in organizing the congress without anticipating any eventualities in the country's current situation or taking into consideration the rift within the BLDP. The public believes that pursuing the culprits is the duty of the competent authorities, but Son Sann's BLDP faction must also be held accountable for the blasts that resulted in dozens of people being injured and Phnom Penh being plunged into a state of confusion and disorder.

It is true that Articles 41 and 42 under Chapter 3 of the Constitution specify freedom of assembly and the right to establish associations and political parties, but the very same articles also stipulate that "these rights shall be determined by law." "No one shall exercise this right to infringe upon the honor of others, to affect the good traditions of society, or to violate public law and order and national security."

About 10 days before the congress, the Interior Ministry advised that the internal conflict within the BLDP be settled before the congress went forward. In giving such advice, the Interior Ministry — an expert institution of the Royal Government — is thought to have foreseen these eventual and unforeseeable incidents.

The leaders of the Son Sann faction should have been very concerned about any eventuality that might affect the lives of the participants and the political stability of the country. Nevertheless, the leaders not only obstinately refused to listen to the Interior Ministry but also accused the Royal Government of trying to apply pressure and prevent it from holding the congress. It also used the advice of government leaders to hurl accusations at the Royal Government.

It is thought that because Samdech Son Sann's faction used its rights to violate public law and order and national security, it should assume responsibility under the law.

#### **Rebels Criticize Government Investigation**

*BK0510082795 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 4 Oct 95*

[Unattributed commentary]

[FBIS Translated Text] After throwing grenades at crowds of people attending a Buddhist Liberal Democratic Party [BLDP] congress for the purpose of assassinating the party's leaders and members on 30 Septem-

ber, the group of two-heads announced that it would investigate the incident.

This is the same old farce that the communist Vietnamese and the two-heads — their out-and-out lackeys — have successively staged. In reality, the grenade attack was planned and organized by Hun Sen and Sar Kheng on orders from their communist Vietnamese masters.

The masses in Phnom Penh are all well aware of this because the deceit and stratagem of communist Vietnam and its out-and-out lackeys are very well known. The shooting and killing of journalists were repeatedly carried out by the group headed by Hun Sen and Sar Kheng on orders from communist Vietnam. The shooting and killing of Meas Chanleap, an MP of the BLDP, was also executed by the Hun Sen-Sar Kheng group on orders from its communist Vietnamese masters. The farce to shield their most excremental and base action is also staged by the Hun Sen-Sar Kheng group and communist Vietnam. Therefore, the so-called farcical investigation conducted by the two-heads into the lobbing of grenades at BLDP leaders and members can never hide the concrete reality.

The masses in Phnom Penh, like the entire Cambodian nation and people, have clearly realized that only with the termination of the Hun Sen group — the out-and-out communist Vietnamese lackey — can democracy and the right to self-determination of the Cambodian people be arranged.

#### **Indonesia**

##### **Suharto Marks 50th Anniversary of Armed Forces**

*BK0510100395 Jakarta ANTARA in Indonesian 0645 GMT 5 Oct 95*

[FBIS Translated Excerpt] Jakarta, 5 Oct (ANTARA) — President Suharto has reiterated that ABRI [Armed Forces of the Republic of Indonesia] has never had the intention of creating a militaristic, authoritarian or totalitarian government because its purpose is to contribute to the growth of Pancasila state ideology.

"We are determined to prove that ABRI personnel, as fighters and as soldiers, will never set up a militaristic, authoritarian or totalitarian government." President Suharto said while addressing the Halim Perdanakusumah main air base on Thursday.

Presiding over a ceremony that marked the 50th anniversary of ABRI, the head of state said that the armed forces should contribute to the promotion of the growth of democracy as a manifestation of the principles of the peoples' sovereignty through deliberation and consensus.



The head of state raised the issue of a militaristic government because many people at home and abroad have raised the possibility of the emergence of such a government.

"Many people at home and abroad are concerned that ABRI's dual function and ABRI's role as an agent of dynamism and stability would lead to the creation of a government that is militaristic, authoritarian, or totalitarian," President Suharto said.

Responding to the concern, the head of state firmly said: "We cannot compare our armed forces to any of those in developed countries. We have to develop by ourselves the doctrine, strategy, tactic, and technique on the basis of our own ideals or experience."

President Suharto said it was true that in several countries, the dominating military force had created a militaristic, authoritarian or totalitarian government.

"However, ABRI personnel's role is not only to be soldiers, but primarily to be fighters," President Suharto added. [passage omitted on list of guests at the ceremony]

Speaking on ABRI's dual function as a socio-political force, the head of state said that because the people are undergoing rapid and basic changes, ABRI personnel should know how to behave themselves either at the central or regional level.

"ABRI's role can be further developed or reduced according to need," President Suharto said. He said that ABRI is strongly able to understand the people's dynamism.

On this occasion, the head of state stressed that the government and the people are determined to practice Pancasila as the national ideology and philosophy.

"Let us not forget that the Pancasila ideology and the 1945 Constitution contain the spirit of democracy, nationalism, togetherness, unity, and cohesion," President Suharto said. [passage omitted on military parade]

**Singapore Minister Discusses Relations With PRC**  
*BK0510082595 Singapore THE STRAITS TIMES*  
*in English 4 Oct 95 p 3*

[Report by Paul Jacob — Jakarta correspondent]

[FBIS Transcribed Text] China would be apt to play a more constructive role rather than be a problem for the region if it were provided with opportunities to engage itself more fully in the international arena, Deputy Prime Minister and Defence Minister Tony Tan said here yesterday.

He also told Indonesian Defence and Security Minister Edi Sudradjat during talks that the present leadership in China was preoccupied with developments of the Chinese economy and enhancing the well-being of the Chinese people.

It was, therefore, unlikely the Chinese leaders would wish to engage in "" at this point, he said.

He was speaking to THE STRAITS TIMES after his discussions with General (Retired) Sudradjat, who is his host during his three-day visit to Indonesia.

The question of China arose during wide-ranging talks, at the Defence and Security Ministry, which included bilateral and regional developments, the South China Sea and the recent tension between Beijing and Taipei which followed Taiwanese President Li Teng-hui's visit to the United States in June.

Gen Sudradjat was interested in Dr Tan's reading of the China-Taiwan situation and in his views on how an economically confident China might use its influence in the region.

Dr Tan explaining his responses on the issues said he replied that Singapore regarded the leaders in Beijing as keen on focusing on the country's economic development.

He also said China would appreciate other countries adhering to the one-China policy. An acknowledgment of this would help ensure amicable relations.

As to how an economically powerful China might act in the region- which Dr Tan described as "something that is on everyone's mind" — he said that barring severe problems or unexpected developments, it was inevitable that its economy would continue to grow.

"In 10 to 15 years' time, it will be the largest economy in this part of the world and it is only natural that it will seek to exert its influence. Therefore, it would be to the advantage of all of us to draw China into the international arena, involve it in forums and agreements, rather than isolate it.

"The more we can involve China in multilateral forums and bilateral exchanges, the more chance there is that the engagement of China with this part of the world — when it is fully developed — will be more constructive, rather than one which causes problems."

During their discussions, Dr Tan and the general also spoke of the importance of cooperation in multilateral forums such as the Asean Regional Forum (ARF).

Dr Tan said the ARF was a useful forum for countries other than Asean, such as the US, Japan and China,



to participate and hence get a "better understanding of developments in this part of the world".

#### **Security Forces Detain Five Alleged Communists**

*BK0510124895 Jakarta ANTARA in Indonesian  
1050 GMT 5 Oct 95*

[FBIS Translated Excerpt] Semarang, 5 Oct (ANTARA) — Major General M. Yusuf Kartanegara, commander of the Fourth Diponegoro Regional Military Command, has said that security forces are holding five members of the now-defunct PKI [Indonesian Communist Party] who were carrying out activities under the guise of setting up an Islamic Indonesian state (NII).

"The five PKI members have been arrested," he told journalists in Semarang on Thursday following a parade marking the 50th anniversary of the ABRI [Armed Forces of the Republic of Indonesia].

Maj. Gen. Yusuf said these activities under the guise of setting up an NII are certainly the work of the PKI. He did not mention the names of the five people arrested.

"This incident clearly shows that the followers of the banned PKI still exist," he said.

He said that based on investigations, the five people had previously been detained for 10 to 20 years. Obviously, since being released, they are again trying to influence people to follow their ideology.

Maj. Gen. Yusuf said they were arrested by security forces in Purwokerto some time ago while sitting in car. Important documents on their activities were also seized.

He said that the network of the PKI group operating under the guise of setting up an NII in central Java has now spread to districts of Purwokerto, Boyolali, Kartosuro, Pekalongan, and Tegal. Their target is people who have little Islamic religious knowledge. [passage omitted on investigation into a September fire at an office that keeps records on former political detainees]

Maj. Gen. Yusuf also called on the people to be aware of the latent danger posed by the PKI in trying to bring back the communist ideology through unfounded issues and conflicts among the people.

### **Philippines**

#### **MILF Considered Major Threat in Mindanao**

*BK0410161995 Manila BUSINESS WORLD  
in English 3 Oct 95 p 10*

[Unattributed report]

[FBIS Transcribed Text] The breakaway Moro Islamic Liberation Front (MILF) has not only succeeded in

gaining the attention of the military but is now being considered as the number one threat group in Mindanao.

As this developed, military engineers and workers laboring on a government project in Matanog, Maguindanao pulled out the other day after they were allegedly harassed by MILF rebels.

Emerging from a closed-door meeting at the Armed Forces of the Philippines (AFP) headquarters, military chief Gen. Arturo Enrile said the MILF's recent "posturing" in Southern Philippines has become the military's primary concern.

A military official who was present during the meeting said discussions centered on the possible "roles" the MILF will play in the negotiations between Nur Misuari's Moro National Liberation Front (MNLF) and the Ramos government.

The official, who requested anonymity, said the meeting was also devoted to "scenario-making."

He said military intelligence officials, as well as officials from the Southern Command, offered two possible reasons the MILF is again "flexing muscle" in certain areas in Mindanao:

— the MILF is against peace negotiations and wants peace efforts to fail in order to grab power from the MNLF and Mr. Misuari; or

— the MILF is merely putting on a show of force to send the message that it is the real representative of the Moro rebels.

The MILF, headed by Hashim Salamat, was formed in the '80s due to Mr. Salamat's personal differences with Mr. Misuari.

"We want to know the MILF's agenda, why it is posturing and what it wants to happen to the peace talks between the government and the MNLF," the official said.

However, intelligence reports also said there is a big possibility the two groups will unite if peace talks bog down. The military noted the massing up of MNLF and MILF troops in some areas in Mindanao, as well as their recent arms procurement activities.

Mr. Enrile has directed military officials concerned, particularly the Southern Command in charge of the overall Mindanao peace and order situation and the 6th Infantry Division based in Cotabato to "assess MILF's agenda."

The official added that other threat groups like the extremist group Abu Sayyaf and the so-called "lost commands" were very briefly tackled.



## Thailand

### Ministry Reiterates Opposition to Nuclear Tests

*BK0510084995 Bangkok Radio Thailand Network  
in Thai 0000 GMT 4 Oct 95*

[FBIS Translated Text] The Foreign Ministry's Information Department has issued a statement concerning France's second nuclear test on 2 October. It says that Thailand already expressed its opposition to French nuclear tests in the Asia-Pacific region in a joint statement issued by the ASEAN countries — including Thailand — at the annual ASEAN foreign ministers meeting in Brunei on 31 July 1995. Moreover, the Thai foreign minister has told the French ambassador to Thailand that Thailand opposes the tests and appeals to all countries to stop nuclear testing. Also, the foreign minister exchanged views with the Australian foreign minister in New York on 21 September, during which they expressed a common stand in condemnation of the French tests.

Thailand reiterates its stand concerning nuclear tests. It does not want further tests. It wants a world free of nuclear weapons. As a member of ASEAN, Thailand wants Southeast Asia to be nuclear-free and will push for a treaty to this effect during the ASEAN summit in Bangkok on 14-15 December.

Concerning measures to be taken against France by the Thai Government, any strong measure must take into account the likelihood that it will lead to the intended goal of halting France's nuclear testing program. It should not be an emotional action.

### Malaysia's Land Bridge Proposal Rejected

*BK0510044695 Bangkok THAILAND TIMES  
in English 5 Oct 95 p A1*

[Unattributed report]

[FBIS Transcribed Text] Bangkok — Chamnong Phanatchuthabun, Chairman of the subcommittee coordinating industrial investment and trade with neighboring countries said yesterday, that Thailand has rejected a proposal by a Malaysian private investor to co-invest in the Land Bridge Oil Project between the two neighbors.

Chamnong revealed the subcommittee have resolved not to invest in the Land Bridge Oil project, or the natural gas and oil pipeline project which will link Penang and Songkhla as its operation will overlap with the Southern Seaboard project of the Petroleum Authority of Thailand (PTT).

"The subcommittee disagreed with the proposal made by the Malaysian investor as PTT has already began to operate the Krabi-Khanom oil pipeline and the

petrochemical enterprises and the oil refinery in the Southern Seaboard, he added.

Chamnong stated the Land Bridge Oil project is initiated with the aim of competing with the Southern Seaboard of Thailand and the Kingdom may lose if it decides to co-invest on the project.

However, the subcommittee will agree with Malaysia if it will construct a railway or road linking with Thailand as it will help improve international transportation in the region, he claimed.

Chamnong said the subcommittee also agreed to cooperate in developing Thailand, Malaysia and Indonesia according to the Triangle Economic Growth project such as cooperating in the production of electronic items, para rubber and fishery industries," he said.

Chamnong added the subcommittee is also preparing to participate in the upcoming Hexagon Economic Growth project meeting in the Philippines to be held between 9-10 November this year.

### Three Cambodian 'Intruders' Killed on Border

*BK0410161095 Bangkok Thai Color Television  
Channel 9 in Thai 1200 GMT 4 Oct 95*

[FBIS Translated Text] A dozen armed men of unknown affiliation crossed into Thailand about 400 meters from the border, at kilometer marker 36 along Siphon Road. Thai soldiers signaled them to stop so they could be checked, but the armed intruders opened fire on the Thai patrol. A clash broke out that lasted for about 30 minutes. [time of clash not provided] When the firing died down, the Thai patrol cleared the area and found three Cambodian bodies. The team retreated and reported the clash to the Ta Phraya Task Force in Sa Kaeo.

The task force, with cooperation from Border Patrol Police Unit 124, cleared the area again this morning but found only one body left. There were signs that two dead bodies had been dragged back into Cambodia. The dead body found by the patrol team was a Cambodian soldier named Private Samrit, based at Thmar Puok in Banteay Meanchey Province. Cambodian forces later contacted the Thai side to retrieve the body.

### Wattana To Ask Drug Panel for Investigation

*BK0410162095 Bangkok BANGKOK POST  
in English 5 Oct 95 p 1*

[Unattributed report]

[FBIS Transcribed Text] Chat Thai Party deputy leader Wattana Atsawahem yesterday said he will call on Public Hearings Committee chairman Thanat Khoman



to investigate U.S. drug allegations against him next week.

Mr Watthana's comment followed an earlier statement by the committee that it was unable to look into the allegations unless those involved requested it to do so.

The Samut Prakan MP said he will call on the committee next week so it can start an investigation into his case.

"I'm gathering all my documents now and when I am ready to go and submit my case to the panel I will inform you," Mr Watthana told reporters yesterday. [sentence as published]

He insisted that it would not be necessary for the committee to request any evidence from the United States before making a decision on the case.

"I have been demanding evidence from the U.S. for a whole year but they have never sent me anything. If they are going to make groundless accusations, then it must be considered that I have done nothing wrong," Mr Watthana said.

#### Column Views Background of Drug Suspects

BK0410125795 Bangkok NAE0 NA in Thai 1 Oct 95  
p 2

["Catching Up With the Situation" column entitled: "Narong/Watthana/Thanong: Victims of Drug Accusations"]

[FBIS Translated Text] No one can deny that historically narcotics have been a major threat to mankind and remain so. Those who foolishly fall victim to narcotics will unknowingly become criminals, committing serious crimes that will destroy themselves and their associates.

Despite the knowledge that narcotics is a demon that adversely affect the lives and living conditions of human beings and gives a country a bad reputation, some people voluntarily succumb to what the world community rejects. In particular, various groups of influential people desire drugs and use them as a means of getting rich and earning recognition in a hypocritical society.

It seems that in the past Thailand has had a bad reputation regarding narcotics because the persons who have been accused by the United States of involvement in international drug trading are politicians, or people in political circles.

All the said politicians are categorized as mafia. However, this does not mean that all the so-called mafia have to be slaves of narcotics.

Narong Wongwan, dubbed as a tycoon of northern Thailand, former MP [member of parliament] of Phrae Province; Watthana Atsawahem, a mafia member of Paknam [Samut Prakan Province], present MP of Samut Prakan Province; and Thanong Siriprichaphong, nicknamed Po Pet, former MP of Nakhon Phanom, are the three members of the Chat Thai Party who have been connected with narcotics involvement.

Charges were made directly against the three, catching the attention of the world.

This column, "Catching Up With the Situation," would like to take this occasion to review the background, the developments, and the conclusions regarding the three persons who have been the subject of political controversy.

To begin with, the northern business tycoon, Narong Wongwan, a former politician who was several times elected MP to parliament and once received the most votes in all the country, was born on 25 April 1925.

After graduating from Assumption Commercial College, he worked as an official for a private company for a period of time before turning to family businesses, which included logging, tobacco plantations, and hotel operations. He became manager of the Sakon Tobacco Company and the Thai Tobacco Industry Company.

According to a diary, he first entered local-level politics during the glorious days of Field Marshal P. Phibun-songkhram before upgrading his status to a national-level politician. It is therefore no wonder why he has had many associates. He was first elected MP of Phrae Province in 1979 and has kept this record intact ever since until he missed the cut for the first time in the 1995 general election.

The major political titles he received were the posts of deputy interior minister, deputy agriculture minister, and agriculture minister.

He was once a member of the Social Action Party and was the founder of the Nam Thai Party. Later, he acted as a leading light in combining several minor parties under the banner of the Solidarity Party, of which he became leader.

He is the person whom Major General Khukrit Pramot criticized for doing everything to become a prime minister.

That is his background.

The other angle of his biography, which is rather negative in the eyes of the people of Phrae and the public majority, is that many of his associates were suspected of operating illegal businesses.



Some said one of his aides became wealthy because of having relationship and contacts with an internationally-known drugs kingpin, named Khun Sa.

For this reason, Narong's reputation has continuously deteriorated because he has never been able to clarify the matter, although he has denied any involvement.

He became the leader of the Samakkhi Tham Party, which was seen as a base of the National Peacekeeping Council. His party won the most seats during the 22 March 1992 General Election.

He was sure that he would become the 19th prime minister of Thailand. This however became uncertain.

During the formation of the new government, it was just his bad luck that Tan Lian Choo, a female foreign journalist, hit him with a "torpedo" question, which was: "Is it true that you have been blacklisted by the United States for involvement in drug trafficking and cannot go to the United States?" His happiness was cut short after that.

Soon after, the United States Information Service (USIS) issued a statement confirming the foreign journalist's question to Narong that there are Thai politicians who have been blacklisted and denied a entry visas.

His prospects as well as his dream of becoming prime minister collapsed immediately. It all ended this way because, as previously mentioned, tycoon Narong Wongwan has so many business activities, such as a hotel business in the Golden Triangle. Moreover, his aides were executed for drug offenses. So, he is believed to have known something.

Even though, he failed in the 2 July 1995 General Election, members of his Thoet Thai group in the Chat Thai Party who are under his influence want to give him the interior minister portfolio under an agreement reached before the election.

However, during the allocation of cabinet portfolios, the name of "Narong" became hot again when a newspaper, the NEW YORK NEWS DAY, carried a report on 14 July 1995 saying that the drug allegations against Narong Wongwan were fabricated.

In practice, the government has to select politicians with clean records to take up ministerial posts. Narong was also defeated for the first time during the general election.

This is an account of the Narong Wongwan episode; we believe that the allegations will be raised again as long as he is engaged in politics.

"Catching Up With the Situation" would like to stress here that whether or not the allegations are true depends

on the evidence. Only information and facts can prove that.

Wattana Atsawahem is known as the workers' godfather, the golden horse mafia, oil tycoon, and W. Paknam.

He is another victim of the drug allegations.

He was born on 30 September, 1936 in Samut Prakan. His former family name is "Sae Be" [in Teochew Dialect], the same as Prime Minister Banhan Sinlapachacha.

According to his biography, he only finished secondary education. However, his ability in business is not inferior to those who have a doctorate. As of now, he has huge business entities in Samut Prakan, including fishing boats and oil, hotel, and imported car businesses. He also has many affiliated companies covering the oil business and owns over 20,000 rai of land in Nakhon Nayok.

He entered politics in 1975 and has joined many political parties, such as the Naeo Mahachon Party, the Chat Prachathipatai Party, the Ratsadon Party, and the Chat Thai Party. He also held many important political posts, such as the deputy industry minister and the deputy interior minister posts.

His bad luck occurred on 30 June, 1994 when a mysterious fax disclosing that he was denied an entry visa by the United States was sent from an address in Thon Buri.

As with Narong Wongwan, the United States Information Service in July 1994 came out to confirm the details of the leaflet, saying that Wattana had been denied an entry visa under Article 212 (2)(C) of the U.S. Immigration and Naturalization Law. USIS said that there were reasons for believing that Wattana was engaged in the trafficking of banned substances; was known to be an accomplice or instigator; or had connections with other persons in the trafficking of banned substances.

Later on, the United States sent a letter dated 28 June 1994 to inform Wattana of its decision.

This information can corner Wattana.

The point that has led to the rejection of a visa is the purchase of land and a hotel from Suphachai or "Pian," who was charged in Hong Kong for drug trafficking in 1993.

Wattana bought the 250-room hotel at a low price. Moreover, he was said to have close relations with Thanong Siriprichaphong and Mongkhon Chongsuthanamani, two other politicians who have been denied entry by the United States.



A major piece of evidence showing Watthana and Thanong had business links was the purchase of the Little Duck Hotel in Chiang Rai. Thanong transferred the ownership of all the assets of his company to the Chiang Wiu Company Ltd, which was registered as a company on 6 May 1994.

The company was at that time the property of the Phiarathisit family, with Chitphong Phiarathisit acting as managing director. Chitphong himself was known to have business relations with Watthana and he played an important role in helping Watthana buy land in Chiang Rai.

The purchase of the Little Duck Hotel was said to have been conducted in a suspicious manner and to have gone through mere formalities, because it was meant for Watthana's Atsawahem. Before the scandal was in the open, Watthana had expressed interest in buying the hotel at a price of 600 million baht, lower than the 800 million baht asked. However, the issue later became less prominent.

Mongkhon Chongsutthanamani was another person who reportedly had business contacts with Watthana. Mongkhon, a former MP of the Chat Phatthana Party, was also denied an entry visa into the United States. It was said that Mongkhon acted as a middleman in helping Watthana secure plots of land from local brokers. A candidate in his team running in the July 1986 election, Samak Thiansuwan, was arrested by police in November 1986 for trafficking in marijuana.

The information on his business operations and the U.S. allegation constituted a final blow for Watthana Atsawahem. It caused him great pain. But the biggest pain of all was during the no-confidence debate against the Chuan Likphai government on 27-29 July 1994 when intelligence concerning him was revealed to parliament in a closed-door meeting. This has deprived Watthana of significant political positions.

Thanong Siriprichaphong, or Po Pet, is the third drug suspect to have been a sensation to the public. He was arrested and prosecuted. The district court ruled that there was evidence against him.

Thanong Siriprichaphong was a former MP of Nakhon Phanom in the Chat Thai Party. Born on 24 February 1952, he received a bachelor's degree in liberal arts and business administration from the United States. He was a businessman before taking up politics, and it was known that his business was international. Thanong had been under the close watch of the U.S. Drug Enforcement Administration.

He became a politician in 1980 when he won an election to be a member of the provincial council. In 1983 he

was elected an MP, a politician at the national level, and was reelected many times until he was implicated by the U.S. court as an international drug trafficker. His political life ended when his party asked him to quit. He was arrested and tried and sentenced by the district court to imprisonment.

The U.S. Drug Enforcement Administration stated in a report that Thanong Siriprichaphong had been engaged in drug operations for 14 years, travelling back and forth between Thailand and the United States smuggling a total of 45 tons of marijuana into the country.

The court of California has impounded his assets in the United States, which included a house worth U.S. \$1 million in Beverly Hills and a 1987 Mercedes Benz car. He was charged on three counts: 1) marijuana smuggling; 2) plotting to carry out criminal offenses; and 3) forming rackets to commit criminal offenses, which took place between 1973 and 1987. Each count carries a punishment of between 10 years and life imprisonment as well as a fine of U.S. \$4 million on each count.

The U.S. Government has sought Thanong's extradition for trial in the United States under a joint Thai-U.S. agreement on narcotics suppression and extradition of criminals.

If the appeal court in Thailand rules that he be sent for trial in the United States, Thanong could get at least 30 years imprisonment.

As the situation is at present, it is evident the case of Thanong, or Po Pet, is much more serious than those of Narong and Watthana because the U.S. accusation against him was clear and substantiated by witnesses and proof. It is difficult for him to fight the case, especially in the United States, which is a world power.

What is going to happen then?

Concerning Narong Wongwan and Watthana Atsawahem, they are only suspects accused of involvement in the crime. There was no hard evidence against them, so all that the United States could do to them was to deny them entry visas.

Yet, what happened to both Narong Wongwan and Watthana Atsawahem can be compared to a solar eclipse. In effect, they have been convicted — they have already been sentenced to death by society.



**Minister Outlines Financial Liberalization Policy**

MS0510105295 London *FINANCIAL TIMES*  
in English 5 Oct 95 p 6

[Report by Ted Bardacke on interview with Finance Minister Surakiart Sathirathai in Bangkok on 4 October: "Thailand 'Committed' to Financial Liberalisation"]

[FBIS Transcribed Text] Bangkok — Thailand remains committed to liberalisation of its financial market, despite moves in the past two weeks to restrain some foreign lending and worries that a more open market could exacerbate the country's rising inflation rate and large current account deficit, Mr Surakiart Sathirathai, [as published] finance minister, said yesterday.

Mr Surakiart said the strict rules and high capital requirements for new foreign banks and curbs on non-baht lending were "temporary measures".

"The liberalisation policy is there," he said. "But how we would like to liberalise depends on the condition of our economy at a given time... and we don't expect the current situation to last for five years. Liberalisation does not mean everyone can do anything they like. We don't want the Thai and foreign banks to encourage speculation or encourage sectors that are not productive for the economy."

Responding to criticism that the \$80m (50m pounds) initial capital requirements for new foreign banks, at least four times higher than any other country in the region, would lead to a plethora of high-volume, low-margin banks rather than a broadening of financial services offered, Mr Surakiart said additional licences would be offered for foreign banks with particular specialties which were lacking in Thailand.

But he noted this additional round of licences was some time away, adding that, "for psychological rather than economic reasons", licences for five new domestic banks would be issued before any new foreign banks were allowed to begin operations. Those new domestic licences should be granted in mid-1996, he said.

Asked to comment on the clause in the new banking regulations specifying that only banks from countries with financial liberalisation policies would be allowed to apply for new licences — a measure seen as a snub to the US for its exemption request in the General Agreement on Trade in Services — Mr Surakiart said that the US had a financial liberalisation policy "to a certain extent, but I would welcome them doing more".

Mr Surakiart also said that next month the Securities and Exchange Commission would consider the establishment of Thai Trust Funds, which would eliminate the large price differential between foreign and domes-

tic shares quoted on the stock exchange. "This will open new opportunities for foreign and domestic investors to invest in our capital and money markets," he said. "We have to broaden and deepen those markets."

He added that a high-level committee studying long-term measures to reduce Thailand's current account deficit would be ready with its recommendations in two to three months. The committee was particularly interested in ways to increase earnings in the services sector, notably from areas such as transport, shipping and copyright.

**Vietnam**

**Foreign Minister Meets With Butrus-Ghali**

BK0410150795 Hanoi VNA in English  
1454 GMT 4 Oct 95

[FBIS Transcribed Text] Hanoi VNA October 4 — UN Secretary General Butrus Butrus-Ghali has applauded Vietnam's plan and decisions to take greater part in all aspects of international life and hoped that Vietnam will make a significant contribution to activities of the United Nations as well as to the current [word indistinct] session of the UN General Assembly .

The top official was speaking at a meeting with Foreign Minister Nguyen Manh Cam who has been in New York for the UN General Assembly's session.

The Vietnamese chief diplomat also met with the General Assembly president, and the executive manager of the UNICEF, as well as his counterparts from Cuba, India, Britain, Bulgaria, Benin, Mali, South Korea and ASEAN countries.

Nguyen Manh Cam welcomed scheduled visits to Vietnam in the near future by foreign ministers of South Korea, Britain, Bulgaria, Mali and other countries.

During these meetings UN officials and foreign diplomats appreciated Vietnam's successes in its renewal process, especially in the maintenance of socio-political stability and socio-economic development, linked with important achievements in foreign policy over the past few years. They said that these successes would enable Vietnam to hold a significant position and play an important role in the region and the world as well.

Mr. Cam also had meetings with a number of NGOs [Nongovernmental Organizations] and representatives of top [word indistinct] business groups from the United States.



**Iranian President Arrives for Visit**

*BK0510073095 Hanoi Voice of Vietnam Network  
in Vietnamese 0500 GMT 5 Oct 95*

[FBIS Translated Text] At the invitation of State President Le Duc Anh, President of the Islamic Republic of Iran, Excellency 'Ali Akbar Hashemi-Rafsanjani, his wife, and other Iranian officials arrived in Hanoi this morning for an official friendship visit to Vietnam. This is the first time Iran's highest-ranking leader is visiting Vietnam since the two countries established diplomatic relations in 1973.

At 1000 sharp, a ceremony to welcome President Akbar Hashemi-Rafsanjani was solemnly held at the Presidential Palace Square with the formalities of receptions for state leaders. Attending the welcoming reception were State President Le Duc Anh, Deputy Prime Minister Nguyen Khanh, President Office Head Nguyen Viet Dung, and many ministers, deputy ministers, and other high-ranking Vietnamese officials.

**Paper Views Ties**

*BK0510085595 Hanoi VNA in English  
0650 GMT 5 Oct 95*

[FBIS Transcribed Text] Hanoi VNA Oct.5 — The four-day official friendship visit to Vietnam beginning today by Iranian President Akbar Hashemi-Rafsanjani will mark a new step in the development of the bilateral relations, sees the national daily NHAN DAN.

In today's editorial welcoming the highest level visit by an Iranian state leader since the establishment of diplomatic relations between Vietnam and Iran in 1973, the paper says :

'The Vietnamese people welcome the achievements recorded by the Iranian Government and people since their February 1979 revolution as well as the important successes they have gained in the cause of consolidating national independence, and building and developing a prosperous and progressive Iran which has broadened its friendly and cooperative relations with all nations in the world.'

It continues: 'In recent years, the Iranian Government has implemented its open-door policy and diversification of relations, especially promoting the cooperative ties within the framework of the Economic Cooperation Organisation (ECO) and attached importance to the expansion of relations with Asian countries.'

'Although Vietnam and Iran are far away geographically,' the paper stresses 'they have time-honoured friendly relations. The Vietnamese people have followed with deep sentiment Iran's February 1979 revolution and Vietnam was one of the first countries to recognise

the Republic of Iran with the Iranian embassy opened in Hanoi in 1991.'

'Vietnam has always attached importance to the development of its relations with Iran and is pleased to see the further consolidation and development of bilateral relations over recent years. Trade agreements, a Memorandum of Understanding (MOU) on the exemption of diplomatic visas and MOU on the establishment of the Vietnam-Iran Joint Commission for Economic, Scientific, Technological, Cultural and Commercial Cooperation was signed during the official Iran visit by Vietnamese state President Le Duc Anh in May 1994 were important steps opening a new chapter in the relations between the two countries.'

'Various cooperation agreements to be signed during this visit by the Iranian president will boost relations of friendship and multi-faceted cooperation between Vietnam and Iran', the paper concludes.

**Commentary Reviews Cooperation**

*BK0510090095 Hanoi Voice of Vietnam in English  
1000 GMT 4 Oct 95*

[Station commentary]

[FBIS Transcribed Text] The visit to Vietnam by Iranian President Akbar Hashemi-Rafsanjani and his wife will help strengthen friendship and cooperation between Vietnam and Iran. Here is our review on Vietnam-Iran relations.

Iranian President Akbar Hashemi-Rafsanjani and his wife will visit Vietnam on October 5. It is the first visit to Vietnam by the Iranian leader since diplomatic relations were established in 1973. The visit will create an important turning point for friendship and cooperation between the two countries. Exchanges of visits of many important delegations have strengthened mutual understanding and promoted friendship and mutual benefit between Vietnam and Iran.

During the Iranian visit by Vietnamese President Le Duc Anh last May, the two sides signed the commercial agreement. They also decided to strengthen economic ties in many aspects, particularly oil and gas and trading. The Iranian oil and gas industry annually exports dozens of million tonnes of oil, billions of cubic meters of gas, and accounts for 55 percent of foreign currency. [sentence as heard] In trade, Vietnam exports rice, coffee, tea, and rubber to Iran. Iran wants to cooperate with Vietnam in oil refinery, producing fertilizer from natural gas, cement, rubber processing technology, and in other fields such as education and training.

Speaking at a reception given to Iranian Foreign Minister recently, Vietnamese Prime Minister Vo Van Kiet



said the Vietnamese Government was ready to create conditions for Iranian businessmen to study and develop their investment in Vietnam. Vietnam and Iran share many similarities and have favorable conditions and great potentials to strengthen bilateral cooperation.

The visit to Vietnam by the Iranian President is of great significance. It will turn a new page of friendship and cooperation between the two countries.

**Deputy Prime Minister Receives Lao Delegation**

*BK0410152095 Hanoi VNA in English*  
*1504 GMT 4 Oct 95*

[FBIS Transcribed Text] Hanoi VNA Oct. 4 — Deputy Prime Minister Phan Van Khai received in Hanoi today a delegation from the Lao Ministry of Agriculture and Forestry led by its minister Sisavat Keobounphan.

Mr Pham Van Khai briefed the guests on Vietnam's policy to promote agricultural, rural and forestry development as well as its achievements in agriculture, especially food production in the recent years.

He also expressed his pleasure at the effective cooperation in agriculture between the two countries and his hope that these bilateral ties would be vigorously developed.

**Delegation Attends Meeting in Czech Republic**

*BK0510090995 Hanoi VNA in English*  
*0704 GMT 5 Oct 95*

[FBIS Transcribed Text] Hanoi VNA Oct. 5 — A delegation of the Vietnam General Confederation of Labour (VGCL) led by Nguyen Van Dzung, head of its commission for external relations has attended a conference of the control commission of the Federation of World Trade Unions (FSM) held in the Czech Republic from Sept. 24-29.

While there, the delegation held talks with representatives of the participant countries' trade unions.

During the talks, Mr. Dzung dealt with issues of trade union ties between Vietnam and the Czech Republic and Vietnamese guest workers' situation. He also addressed problems in the implementation of the agreement on guest workers signed between the two governments.

Following the Czech visit, the delegation visited Russia where Mr. Dzung had working sessions with trade union activists and agreed on a plan aimed at maintaining the traditional relations between the Vietnamese trade unions and the Russian trade unions movement.

**National Assembly Issues Communique No.2**

*BK0410155495 Hanoi Voice of Vietnam Network*  
*in Vietnamese 1430 GMT 4 Oct 95*

[Communique No.2 issued by National Assembly]

[FBIS Translated Text] National Assembly deputies held group discussions this morning on the draft Civil Code. The National Assembly worked at the conference hall in the afternoon, discussing the draft Civil Code under the direction of National Assembly Vice Chairman Phung Van Tuu.

Prior to the discussions, National Assembly Vice Chairman Phung Van Tuu presented a number of matters on how to hold and run these discussions so as to pass the Civil Code at this National Assembly meeting.

Twenty-six deputies gave their views. The deputies focused their efforts on the discussions and afterward voted to pass a number of related issues to be put into the amended section of the Civil Code, a number of articles on physical and property relations concerning marriage and family, a number of matters concerning civil contracts and relations on land, and the issues of intellectual property rights, copyright, technological property rights, and technological transfer.

The deputies also aired their views on the following issues:

- The preamble and basic principles of the Civil Code.
- The issues of guardian and personal identification [nhaan thaan] rights in Chapter 2.

During the discussions, Comrade Nguyen Dinh Loc, chief of the Civil Code Drafting Committee, further presented a number of issues.

Before the closing of the discussions, National Assembly Vice Chairman Phung Van Tuu recommended a list of 17 deputies and a number of legal experts belonging to various central organs for the action team responsible for helping the National Assembly plan the study and rectification of the draft Civil Code. This namelist was unanimously endorsed by the National Assembly.

Tomorrow, the National Assembly will continue holding discussions at the conference hall on the draft Civil Code.

**National Assembly 5 Oct Proceedings Reported**

*BK0510071195 Hanoi Voice of Vietnam Network*  
*in Vietnamese 0500 GMT 5 Oct 95*

[FBIS Translated Text] This morning National Assembly deputies continued their discussions at the Ba Dinh conference hall on the draft Civil Code. The morning



session was held under the direction of National Assembly Vice Chairman Phung Van Tuu.

There were over 30 suggestions made by various National Assembly deputies to Chapter II on individuals revolving around the issues of guardianship, residential sites, civil registration, marriage, families; and to Chapter IV on households and cooperative teams. As many articles and chapters in the draft Civil Code cited above are related to the rights, obligations, and duty of many people, they were examined by many National Assembly deputies. The deputies made suggestions for the amendment of and supplement to every article and every passage in the original text, so the Civil Code Drafting Committee can examine, study, and revise them before it is presented to the National Assembly for a decision.

#### **Vo Van Kiet Presents Government Report**

##### **First Part**

*BK0410123295 Hanoi Voice of Vietnam Network  
in Vietnamese 1430 GMT 3 Oct 95*

[First installment of government report presented by Prime Minister Vo Van Kiet at opening of ninth National Assembly's eighth session in Hanoi on 3 October — read by announcer]

[FBIS Translated Text] I. Assessment of 1995 socioeconomic development.

Evaluation of achievements: In 1995, our people successfully completed many important socioeconomic tasks set for this pivotal year and created favorable conditions for shifting to the 1996-2000 five-year plan. This year, apart from carrying on projects left over by the 1994 plan, including the need to overcome the consequences arising from major natural disasters, we have to handle many urgent tasks. Nonetheless, we have the possibility of fulfilling many important development targets. The rate of increase in GDP was estimated at 9.5 percent compared with an average increase of 8.2 percent from the 1991-95 five-year plan.

With regard to agriculture, grain production continued to develop along with efforts to reorganize production a step further in the direction of promoting an agricultural product-oriented economy. The overall results indicate that this year's grain output may reach 28.4 million tonnes and animal husbandry, aquaculture, fruit and industrial crop cultivation, and the hectareage under the movement for afforestation and coverage of empty land and denuded hills or mountains with greenery may all increase. Except for a decrease in the price of our exported crude oil, the 1995 export index has increased. The achievements on the agricultural front have significantly contributed to this positive

development. Industrial production has remained steady at an estimated growth rate of 14 percent.

These achievements must be attributed mainly to our continued efforts to acquire modern technology, make in-depth investment, and improve business operations. Noteworthy is the fact that industrial products have become more diversified than before and some products can compete in the home market and meet export demands. More drastic efforts must be made to promote this trend of development.

Foreign direct investment has increased more than 30 percent compared with 1994 and has been concentrated more on meeting industrial development and in-depth investment needs. Industrial planning and development, especially the planning of the three major economic zones and other industrial centers, have made new progress.

The export index was estimated at \$4.7 billion, or an increase of 30 percent compared with 1994. New products have been introduced and more markets have been reached.

Scientific research and the application of new technological knowhow have constantly responded to socioeconomic development needs, focused on economic restructuring requirements, and helped with the production of new products.

The people's material and spiritual life has continued to be improved. In particular, more measures have been taken to help needy households expand economic activities, seek employment, and reduce hunger and poverty. As a result, this year, we have created jobs for more than a million unemployed people. The number of villages where students have to attend third shift class meetings has continued to decrease. More than half of all villages have implemented the law on the universalization of elementary education. So far, 21 provinces throughout the country have sent two-thirds of all children aged five to kindergartens.

With regard to health care, the quality of disease treatment and prevention has been substantially improved. The campaign for a safe water supply and a clean environment in the countryside has been intensified and developed into a widespread mass movement in many provinces.

Many political, cultural, and social activities have been organized to mark major anniversaries and uphold the sense of patriotism, socialist ideals, and national traditions and characteristics. Drastic steps have been taken to promote the campaign to show gratitude and promote the sense of self-sufficiency, great solidarity, national concord, and unanimity of mind and action to



win the war against poverty and backwardness. All these activities have become a great source of encouragement for broad sections of people at home and compatriots overseas.

With the participation of the entire people, national security and defense forces have satisfactorily fulfilled the duty to maintain social order and safety and defend the Fatherland, thus positively contributing toward political stability, which is one of the most decisive factors of success of the renovation undertaking.

In 1995, Vietnam's external activities are in blossom, stemming from the dynamic development of the economy and political stability during the years under the renovation process to the persistent pursuance of the present foreign policy. New events are: Vietnam's becoming full membership of ASEAN, its signing with the Europe Union of a framework agreement, and its normalization of diplomatic relations with the United States. Our country has been widely recognized by the world as a positive factor for regional peace and stability and as a significant partner for cooperation.

Based on the achievements in 1995, it can be predicted that the 1991-95 plan will be the first five-year plan in which many growth targets have been overfulfilled and the economic structure changed for the better. On the average, annual GDP stands at 8.2 percent compared with the target of 5.5-6 percent approved previously by the National Assembly (against 3.9 percent during the 1986-90 five-year plan). Against the background of many upheavals in the world in recent years, the achievements obtained in Vietnam are of great significance.

Although we still have to deal with numerous burning issues, basically, economic development in the past five years has proved to be consistent, comprehensive, and stable, thereby creating significant prerequisites for further development. The results of internal development and achievements in external trade relations have not only helped our country overcome numerous difficulties but have also enabled us to search out new opportunities for further development. With the increasingly consolidated state economic sector, the dynamic development of the multisectoral merchandise economy; the increasingly enhanced role of our law-governed state of the people, by the people, and for the people; and progress in economic development and social justice and welfare, we can confirm our country's development in the years of renovation, which will continue along the socialist path, even though during the advancing process we may still experience shortcomings and weaknesses. It can be said that all the achievements of the years of renovation in general and the recent five years in particular have created a turning point in Vietnam's socioeconomic de-

velopment and have testified to the progressive and creative nature of the Vietnamese state, a state mastered by the people under the guidance of the Communist Party of Vietnam. The people's confidence in and their close relationship with the ruling party and the path towards socialism have been consolidated. The growing strength has enabled Vietnam to firmly defend its political system, national independence, sovereignty, and territorial integrity. This has helped our nation broaden its participation in the general development of the world.

The main shortcomings: Despite the achievements that have been gained, we must be alert to the weaknesses and shortcomings experienced in 1995, including the prolonged shortcomings from the previous years, which have acutely affected various key aspects of our economic and social domains. The following are the various main issues:

First, in developing the economy and in resolving social problems, the utilization of our nation's limited resources has been scattered and ineffective. There has been no decisiveness or determination to integrate capabilities for in-depth investment, for infrastructure development, and for carrying out the most urgent economic projects. Domestic economic accumulations are still very low given the current pace of development and the requirements for change in the economic structure. Our nation is striving to meet the urgent requirements for development while facing various difficult issues in daily life related to capital, employment, infrastructure, and social welfare. We have experienced difficulties in setting priorities for decisive tasks and in integrating efforts to resolve the daily urgent work. With our limited resources, we cannot resolve all tasks at the same time, but should rather carry out urgent tasks and settle pressing issues in an orderly manner. We have not satisfactorily carried out this work and as a result we have experienced waste and shortcomings.

Regarding the internal accumulation of national capital, if we look at the accumulation rates of 10.1 percent in 1991 and 16.6 percent in 1994 and a relatively higher rate in 1995, we can say that the internal capital accumulation has recorded some progress. However, if we subtract the basic depreciation of fixed capital from the internal accumulation, then the net rate of the internal capital accumulation in 1994 and 1995 is estimated at only between 7-8 percent per year.

This rate reflects the common result of our low economic structure, affects investment that would help the acceleration of national industrialization and modernization, and limits our ability to attract external investment resources. It is necessary to reprove the major shortcomings that are the cause for the loss of hundreds of



billion dong from state capital, our inability to limit illegitimate economic activities, and the poor results of the public campaign on frugality.

Second, there are many burning issues in the budget, finance, monetary, and tax areas. If these issues are not satisfactorily dealt with in a timely manner, they may lead to a complicated situation and adversely affect the healthy capability and stability of our development, and we have striven for dozens of years to get to the current economic position.

First of all, about budget management, the State Planning Commission and the Ministry of Finance's economic report to the National Assembly will clearly state that the 1995 budget collection has greatly increased. However, the revenue is still not enough to meet a higher demand for spending. At present, the demand for spending carried over from the 1994 planning has not been fulfilled. The weakest point of 1995 is the poor performance of capital construction while our budget funding for investment is very limited. Moreover, budget collection has to be used to repay loans obtained from the public many years ago and repay expired overseas loans. The policy to continue mobilizing all national resources, including loans from the public, is totally correct and it must be carried out more effectively. However, the implementation of this policy has not been closely supervised. The loss of budget revenues, unreasonable collection, or over-collection for the national budget must be evaluated in a stricter manner.

The first important thing is that if we cannot observe strict discipline in budget collection, spending, and saving, budget deficits will lead us into a dangerous situation, in which the unexpected measures that were experienced in our previous years of high inflation will be necessary. We must prevent this.

In 1993, the inflation was 5.2 percent and it increased to 14.5 percent in 1994. Despite a stable consumer price index in this third quarter, inflation in the first nine months of this year was 11.7 percent. Compared with our current rate of economic development, this inflation rate has not caused major economic changes. However, this is an alarming signal that does not allow us any loss of control over collection and spending.

With respect to financial and monetary issues, we have frequently severely criticized ourselves to the effect that our financial and monetary system is not keeping pace with economic development. It has not become a strong instrument for the management of the entire national economy.

We have recorded significant achievements in efforts to stabilize the currency, improve financial management,

mobilize capital, broaden the banking system, and modernize in one step the accounting and auditing work. However, these achievements represent only separate and modest progress. The national financial and monetary system still contains many shortcomings and backwardness when seen against the demand of the current national development.

Our capital market is still very primitive and not meeting the requirements of the commodity economy, especially the requirements for capital mobilization to improve business and production activities, monetary service, and national economic performance. In particular, we have been very slow in introducing the share-holding system into state companies as well as in the establishment of a stock market, thus causing a hindrance to creating new dynamism in production and business. To perpetuate this situation is to perpetuate the backward and ineffective nature of the entire economy.

Generally speaking, the ability to control the financial and monetary system in all the economic activities of the entire society is still poor. We have emphasized the need for state management in the market-oriented economy, but we are not making the necessary efforts to build an efficient financial and monetary system in our economy.

## Second Part

*BK0410135895 Hanoi Voice of Vietnam Network  
in Vietnamese 2300 GMT 3 Oct 95*

[Second installment of government report presented by Prime Minister Vo Van Kiet at opening of Ninth National Assembly's eighth session in Hanoi on 3 October — read by announcer]

[FBIS Translated Text] Regarding taxation, there has been criticism, both from inside the country and from overseas, about our taxation system. The government has been listening to and considering all opinions on this issue. The strength of our current tax and fee collection system is that we can ensure the collection exceeds 8 percent [figure as heard] of the national budget. In the tax system, however, there are still many illogical stipulations; in particular, there are too many types of tax, including turnover and import taxes, which play an excessively important role in the national budget, while income and earning taxes have not attained the importance they were expected to have. To encourage development and competitiveness, the current trends followed by many countries and regional economic organizations are to reduce or even partly eliminate turnover tax, to have selective mobilization of import duty, and to strengthen the roles of value added, income, and earnings taxes. This is really a major challenge to us from both the internal and external perspectives.



We should also point out other illogical institutions in our taxation system that promote lengthy procedures and overlapping levies, thus causing numerous inconveniences. The results are the many loopholes and negative effects in the taxation system, leading to the possibility of great losses of tax, losses that we have been unable to estimate. The level of revenue mobilization in 1975 [as heard] was about 21.5 percent of GDP. If we employ a tighter method in estimating the GDP, the rate could have been lower. Such a total for national revenue collection is not high, and considering the tax rates and the target groups of various types of taxes, the percentage shows poor efficiency in the current tax system, which is failing to encourage, with a taxation policy, dynamic business in the long term.

Third, while boosting the development of a multisectoral economy, we have yet to raise the effectiveness and the role of the state-managed economic sector as we expected. We lack measures to develop comprehensively the leading role of the state-managed economy sector. Our developing cooperative economy requires resolute renovation and in fact some types of cooperative have taken shape, but so far our ad-hoc experiences from grassroots units have not been reviewed and developed. Individual and private economy sectors have not been appropriately guided, supported, or controlled by the state.

Regarding the state economy sector including the state-managed enterprises, we have obtained some results over several years, especially in 1995, in the task of consolidating the role of the state-managed economy sector, such as the rearrangement of state-owned enterprises and the establishment of some general corporations aimed at increasing the strength of the enterprises. In general terms, however, the state-managed economy sector is still inefficient and faces the possible risk of lagging further behind other sectors due to the sluggish reforms in management structure, technologies, and business activities. The main reasons can be listed as the unsolved issues related to legal, financial, and market activities. Many state-managed enterprises have yet to really develop in-depth investment, and their ability in competition and in searching out new markets is still limited.

We need to stress that the slow process of equitization has in one way obstructed state-managed enterprises from developing their energy and prevented them from expanding their participation in the economy in another.

The deficiencies listed above are not wholly the responsibility of the enterprises, but are evidence of shortcomings in the macro-economic management.

Regarding the cooperative economic forms, we are facing an objective and urgent demand for renovation of the existing structures of the cooperatives. It is a mistake to either maintain the old type of cooperatives or to think that the household economy units in the rural and individual economy units in urban areas do not need the cooperatives anymore. In fact, the energetic activities of household and individual economy units require new types of suitable cooperatives that will assist the household and individual economy units to overcome their limitations, especially in technology, production-related services, goods consumption, and so forth. The government's responsibility is to respond to this demand and help develop the cooperative economy sector alongside other sectors. In reality we have seen some effective cooperative economy models that are deserving of further research.

Regarding the private economy sector, the state's weakness in macro-economic management has resulted in the state being poorly equipped to guide and support the development of the private economy sector alongside other economy sectors. It has also resulted in an inadequate performance by the state in controlling the spontaneity, dispersion, and other weaknesses of the private economy sector. We lack a policy to encourage cooperative economic activities, to provide proper protection to the private economy sector in the production of new merchandise and in the creation of more new jobs, and to encourage more stable investment in long-term businesses.

The establishment of joint businesses between different economy sectors has been insignificant and has not produced many typical successful models that can be multiplied at national level. The main reason is that we have not invested enough in research for the development of this type of economic activity.

Fourth, in the process of development, many socioeconomic issues have not been satisfactorily resolved. Smuggling and corruption show no sign of declining. Social vices have not been dispelled. Hungry, poverty, and backwardness at many points in various inaccessible, remote, and mountain regions still prevail. Natural resources and the environment in certain areas have been seriously affected. Demands for employment are very fierce.

We cannot tolerate increased smuggling, serious corruption, and fraud, which have caused the loss of hundreds of billions of dong for the state and the people. It can be said that this situation is creating substantial losses and is one of the sources directly threatening the country's economic security.



In certain areas of the country, the destruction of natural resources — land, forests, coastal areas, and environment — is seemingly uncontrollable despite the fact that the process of economic development and industrialization in our country is just in its initial stage. Today, many localities are not fully aware of the need to protect rice fields and the precious cultivated areas that our ancestors spent thousands of years creating. That is why they have not been cautious in carrying out planning and making construction investment, thus showing disregard for the security of the country's grain and natural environment.

Negativism and weaknesses in management have reduced the effect of Program 327. In many coastal areas, aquaculture has not been closely planned and managed, causing many vast areas of mangrove forests and vegetation carpets [thamr thuwcj vaatj] of alluvial soil areas to disappear. The consequences are immeasurable. Regrettably, in many areas, there are no forests left. Land has been encroached on. Heavy pollution has started to be found in some rivers, canals, and coastal areas. These are also major shortcomings that reflect the weaknesses in state management of various ministries, sectors, and the administration at various levels. It is necessary for us to carry out stern criticism and self-criticism.

Allow me to avail myself of this opportunity to ask the National Assembly, particularly those deputies working in various sectors and localities, to increase their control and supervision efforts in trying to assist and supervise various administrative organs to satisfactorily perform their managerial functions and duties.

Fifth, the state management ability of the administrative apparatus still does not appear to be keeping up with the development of the country, especially in the areas of development planning, macromanagement, mobilization of domestic and foreign resources, market development and expansion, external economic management, development of manpower resources and social well-being, law enforcement, and the punishment of negative practices.

Last year, we paid attention to further developing the administrative system. The results, however, remain limited. There are still many phenomena of slackened public order and discipline. Certain localities seriously violated the law and citizen rights and were sluggish in their work. It should be pointed out that many organs in the administrative apparatus have not satisfactorily separated the task of state management from the trade management function.

We must sternly criticize the state of departmentalism, disorganization, anarchy, and deliberate violation of the law of a number of organs and working units, and

production and business units. Not only have these actions caused countless losses in land and capital, but they have also created many other negative phenomena. Now more than ever before, we must not let any economic activities exist outside the law.

In summation, the important achievements already recorded and the opportunities that are coming up will only be meaningful when we are fully aware of all the weaknesses to be overcome.

The aforementioned deficiencies are always likely to restrict the progress of the country. We must remain highly alert.

In order to pursue the renovation undertaking and foster the present development momentum of the country, the foremost demands for the system of our administration are to overcome the inappropriate state of state management and to improve the revolutionary qualities and abilities of the contingent of cadres and civil servants. In 1995, we have learned many valuable experiences. After the policy to refrain from firing firecrackers — which was supported by the entire people and which became effective 1 January 1995 — came the crack-down on the violations at the Yen Phu River dike, and the enforcement of traffic safety and order. This shows that our people always support the law and correct policies.

From this we can draw the following conclusion: With a correct policy suitable to the interest of the people at large, with wide public support, and with strict implementation of set stipulations, we can do anything regardless of how difficult it may be. We must apply this experience in overcoming the present weaknesses in the state management apparatus. That is one of the important measures to strengthen public order and discipline.

### Third Part

*BK0510103895 Hanoi Voice of Vietnam Network  
in Vietnamese 0500 GMT 4 Oct 95*

[Third installment of the government report presented by Prime Minister Vo Van Kiet at the opening of the Ninth National Assembly's Eighth Session in Hanoi on 3 October — read by announcer]

[FBIS Translated Text] Our nation's requirements under the current regional and international situation are to maintain the rapid growth of our economy while striving to ensure its stability and effectiveness in the remaining years of this century. As a country in this region with dynamic economic development programs, these requirements are very urgent and essential to us. As a result, all our efforts are primarily aimed at attaining



higher economic growth than that of the 1991-95 period so that by 2000 we can extricate our country from its underdeveloped condition, further improve our people's standard of living, and reduce our deficiency gap compared to other countries in the region. In the years ahead, we must strive to increase our domestic reserves, prepare conditions for higher development to enter the 21st century, enhance our capabilities, and firmly maintain national defense and security.

It is essential for us to formulate the socioeconomic development tasks for 1996 on the basis of these requirements. As the first year of the five-year development plan that faces many new demands, the 1996 plan should include demanding targets. Our GDP should be increased by 9.5-10 percent; agricultural production by 4.5 percent; industrial production by 14-15 percent; investment for development accounts by 27 percent of GDP, against 25 percent in 1995; tax remittance to the state budget by 22 percent of GDP; export turnover by 25 percent; and price index should be lower than or the same level as 1994-95. The current situation requires us to strive to maintain this economic growth fundamentally until 2000.

Our nation's current socioeconomic development plan has both great advantages and acute challenges. Regarding advantages, I would like to stress a few points. With the rapid increase in capital investment from internal and external resources during the years of renovation, the material-technical bases and the production force of our country have been remarkably enhanced compared to the past decade. Demand in our domestic markets is increasing rapidly. We have great capabilities to expand our markets from Southeast Asia to Western Europe and North America. Worthy of note is that we now have more products that can gradually replace smuggled foreign goods and can compete successfully with foreign merchandise in the world market. For many years now we have maintained our rice exporting position in the world market. Recently, we have gained a new position in exporting coffee and rubber. We have very great potential in exporting fruit and other industrial crops if we can formulate correct external trade and economic policies. Our country also has great capabilities to develop animal husbandry and food processing, and has favorable conditions to become a notable agricultural food exporting country. This is very important in the process of national industrialization and modernization.

One of the most significant issues that requires our close attention is that a number of industrial countries in and outside the region and some newly industrialized nations are planning to move their manufacturing plants to countries where expenses are lower. This opportunity is approaching; it depends on our ability to seize the

chance. A large volume of cars, motorcycles, refrigerant equipment, and durable goods that we import every year are assembled in neighboring countries. Vietnam has great potential in assembling work and in producing goods to replace imports and promote exports. Our potential in this regard is second to none. What we lack are the appropriate policies and effective measures. Worthy of note is that during the recent years of renovation, our industries have developed considerably. We have produced new products that can replace the demand for imported goods and have begun to export more merchandise to foreign countries. If we can formulate a correct policy to expand trade relations with other nations, our industries will develop more rapidly. Some branches of industry — such as the postal, telecommunications, information, aviation, steel production, printing, and textile industries — have already skipped several steps to embark directly into the current development stage. Although the results obtained in this regard are still modest, they help stimulate us to learn steps and methods to achieve the rapid development experienced by other countries. We must strive to make correct decisions and formulate effective policies for these tasks.

The multisectoral economic policy of our party and state in the current renovation process has been able to mobilize great potential in the country while creating favorable conditions for the mobilization of external resources, thus bringing about new dynamic development in our national economy. Although the exercise of this policy is just in its initial stage and more effective steps are still needed, we can foresee that if developed appropriately the multisectoral economic policy will continue to create great momentum for development.

By gradually continuing to perfect the legal system and the financial and monetary system; developing various kinds of markets, especially the capital market; satisfactorily mobilizing all sources of capital at home to increase the ability to attract external sources of capital; effectively utilizing and satisfactorily carrying out payment methods; unfailingly introducing promotional measures; and providing better guidance for production and business, the multisectoral economic policy of our party and state will become a factor capable of effectively serving the pursuit strategy and shortening the distance that we lag behind. This policy will vigorously develop the leading role of the state economic domain and the dynamism of various economic components, develop various new forms of economic cooperation and shape up cooperation between various economic components, and firmly maintain the socialist direction of our country's socioeconomic development. In summation, success will depend on the ability to make full use



of the opportunities for development now arising in our country.

Speaking about challenges, we have discussed at length the weaknesses and dangers already pointed out in many important party and state documents. In the framework of this report, I would like to raise some new aspects of the challenges cropping up in the current process of national development.

First, joining ASEAN, including participation in AFTA [ASEAN Free Trade Area]; the signing of a framework agreement with the European Union; the preparation for joining the World Trade Organization; and the development of relations with the United States all impose tough demands on our country to develop its market promptly and improve its working mechanism and laws governing economic exchanges. We must know how to protect our own interests more satisfactorily and reduce our failures and losses. At the same time we must know how to broaden our cooperation capability. We must accept competition and engage in it fiercely. We must step up our study of development strategy in such a way as to suit our new position. We must select the best targets to allow us to exploit the country's comparable advantages. Looking back over the years, it can be said that we need to perform this task more satisfactorily.

In broadening external exchanges, we need to pay attention to challenges to the maintenance of our cultural identity, the safeguarding of our national security, and the protection of natural and social environment.

National consciousness, patriotism, economic knowledge, and alertness must be heightened and fully utilized in every decision and every action to broaden relations with the outside world. Choosing a wrong direction in cooperation is likely to lead to disastrous destruction. Indecision and failure to foresee situations will lead to equally bad consequences. At a time when our country has the conditions to develop its relations with all countries in the world, we must consolidate this awareness so we can acquire adequate wisdom and energy to associate ourselves with the world's dynamic development trend and not close our doors.

With regard to those challenges arising from our lagging behind, we would like to point out in particular that the output, quality, and efficiency of the economy are not high enough. At the same time, there is a state of fragmentation and departmentalism and an unfamiliarity and lack of determination to achieve integration and partnership so as to become big production and business units that can produce higher results and allow stronger competition, particularly with the outside world.

Lately, we have stepped up the rearrangement of various enterprises and have formed a number of large general corporations aimed at overcoming the above weaknesses. This is still in its initial stage, however, and requires us to continue working on it and promptly improving it. Shortcomings in the government's macroeconomic policies must be promptly overcome. Attention must be given to this point because the evolution of the world economy is plagued with unpredictable changes that can easily damage weak economies like Vietnam's.

Lately, many events have had a bad effect on our national economy. The price of crude oil has dropped while the exchange rate for the yen has been too high, with the interest rate for equity loans soaring higher. Our country's comparative advantage in attracting direct foreign investment is still fairly weak compared with a number of nearby markets.

I hope that while trying to seize new and great opportunities, we will strive to overcome the challenges I have just mentioned.

#### Fourth Part

*BK0510134895 Hanoi Voice of Vietnam Network  
in Vietnamese 1100 GMT 4 Oct 95*

[Fourth installment of government report presented by Prime Minister Vo Van Kiet at the opening of the Ninth National Assembly's Eighth Session in Hanoi on 3 October — read by announcer]

[FBIS Translated Text] III. [numbaer as heard] Major Measures To Be Implemented:

Of the directions and measures mentioned in the government plan for the implementation of 1996 socioeconomic tasks, I want to stress a number of major issues that will require us to take new approaches and to employ practical solutions.

#### 1. Creating a Healthy Financial and Monetary System:

A healthy financial and monetary system is a prerequisite for economic development. The past several years have shown us that the task of maintaining the stability of financial and monetary situations is one of the most important duties of the state, yet at the same time, it is one of most complex and sensitive issues in macro-economic management during the transformation to market-oriented mechanism.

#### a. Rectifying the Tense and Passive Situation of State Budget:

This is an urgent issue for us. In 1996 we have to achieve a new step in reforming the taxation system,



keeping two objectives in mind: To ensure high revenue collection for the state budget, and to encourage thriftiness in production and consumption in order to increase savings and enable enterprises to accumulate capital for development investment.

The objective of the reforms is to simplify the taxation system and tax rates. Roles and functions of each tax type should be clearly determined to avoid abuses and to encourage stability. Applications of value-added, income, and earnings taxes should be expanded, and turnover tax should be progressively reduced or replaced when conditions permit. Import tax should be separated from special consumption and turnover taxes. In line with other protection measures, there should be a progressive reduction of the import tax, corresponding to our effort to integrate the trend of competition and free trade of many countries in the region and the world. Adjustments are necessary for taxes and fees on exploitation of perishable resources. Both the policy of special tax rates for development investment and the policy of investing in disadvantaged regions should be expanded. The government will forward submissions for amendments of laws and ordinances on taxes to the National Assembly and the National Assembly Standing Committee to ensure the logical order of the tax reforms process.

Revenue sources for the state budget in 1996 will rely mainly on collection from all taxable businesses, and not on increased tax rates. Law enforcement and the spirit of compliance in practicing the tax laws and regulations should be highlighted, especially in efforts to avoid under-collection, over-collection, and smuggling. The quality of the tax collection agencies should be heightened, and the system should be put under unified management of the ministry of finance.

Highest priority in state investment capital allocation should be given to constructing and upgrading the socioeconomic infrastructure. The development and renovation of the economic mechanism should rely more on development investment by enterprises, people, bank credits, and other sources from outside. Sectors and localities should pay serious attention to the collection task, refrain from funding investment needs with state budget sources, and step-up efforts in executing government stipulations on being thrifty. The government recommends a clear-cut arrangement of spending authority hierarchy, allowing each authority level to have absolute spending power on particular taxes or fees that they have collected, or sharing power between various authority levels on the basis of stable division proportions, which should remain unchanged for at least three years. We should set up criteria and quota for budget subsidies from a superior spending authority to a lower one, thus

creating conditions for local administrations to properly draw up their collection and spending plans, and enhancing the supervision authority of people's councils.

Our capital and budget sources are still small. We need to find ways to correctly determine our priorities, and persevere all necessary inconveniences and shortages for the sake of implementing the priorities we make. Then we will be able to break the vicious circle: poverty leads to low savings — low savings cause ineffective production — and ineffective production maintains poverty, and so on. I mention this issue because if we look at the economic activities of the country in general and each locality and sector in particular, we cannot say that every dong of our capital money, regardless of its origin of central, local, or enterprise budgets, has been spend in a way that reflects the determination to break the vicious circle, which is usually considered the karma of poor countries.

#### b. Restraining Price Rise Index and Improving Inflation Control Power:

This is an important requirement for creating a healthy financial and monetary system. The government will refrain from over-spending, and will not cover over-spending with subsidies, as that may cause inflation. Price fevers will be avoided, and more measures will be mobilized to encourage more savings. The State Bank should strive to heighten its effectiveness in controlling the monetary circulation in order to stabilize the currency value, develop transaction methods that do not involve cash, and improve money-related services. These are important contents that help with inflation control and create a stable macro-economic environment.

#### c. Creating Conditions for Commercial Banks To Take Up Full Services:

The State Bank will only determine the maximum interest rates in accordance with demands of macro-economic management. Decisions on concrete interests should be left to credit organizations to make according to the function of market mechanism, in the direction of cutting down interests to boost investment. Banks should develop their role in helping poor people. The credit organizations network should be expanded, as well as the diversified insurance activities of various economy sectors. The establishment of new financial institutions and new methods to further mobilize all idle capital sources will be needed. The monetary and capital markets will be strengthened, and a favorable legal basis for the establishment of stock exchange market will be set up.



2. Encouraging the mobilization of all resources from various economic sectors to increase development investment:

The direction to uniformly develop a multisectorial economy in a long-term manner has been clearly defined in party policy and state laws. This direction needs to be adopted thoroughly and creatively to accelerate economic development and increase the internal strength in our efforts to broaden cooperation with the outside world.

A. For state enterprises: In 1996, we need to implement recently promulgated laws and actively execute new guidelines and policies to improve the economic efficiency of state enterprises. Particularly, we need to define sections and areas in which state enterprises must be consolidated and developed. We also have to accelerate the introduction of the sharing-holding system into state enterprises and adopt the multi-ownership system in our state enterprises. However, in these enterprises, the state capital should be enough to take a dominating position.

We should introduce appropriate policies to encourage workers to purchase shares and participate in the business management of state enterprises. The government needs to focus, strengthen, and satisfactorily manage big enterprises of important position. We should form efficient state corporations, but not let these state corporations monopolize business and carry the characteristics of a new level of administrative management.

Great efforts are necessary to help the state economic sector — especially state enterprises — improve their economic efficiency and their leading role, to develop a good influence in the local market, and pave the way for the introduction of new technologies and products in our national economy. The state enterprises should be a firm foundation for our external economy to develop.

B. It is necessary to intensify guidance and assistance to the individual economy, small business, private capitalism, all forms of cooperative economy, and state capitalism to actuate and develop the dynamism and creativity of 11 million family households in rural areas and nearly 4 million family households in cities, encourage them to enrich themselves legally, and actively participate in eliminating starvation and reducing poverty and other social welfare duties. This is an important solution to mobilize all potential resources to quickly increase development investment, improve our economic structure, generate more jobs, and contribute to improve people's life in our society.

In order to achieve the aforementioned goal, it is necessary for us to eliminate embarrassing policies and

procedures in business registration and discrimination against different economic sectors. It is also necessary to create a social psychology to correctly recognize the role of businessmen who enrich themselves within the boundary of the law, promptly carry out the labor code, and dutifully pay their taxes. Any complexes or preconceptions against private economy should be eradicated. Businessmen should be encouraged to reinvest their income for further development and take part in community work. The government and society respect good, moral, patriotic, and educated businessmen.

We will actively implement laws to encourage domestic investment. The functions and responsibility of state organs do not only rest with the assessment of business registration applications but also include the provision of guidance and assistance for development investment and control over activities of business enterprises. We need to establish strategies and policies to help medium and small businesses to exist and develop in a competitive environment, especially to help them in obtaining loans, transferring technologies, and improving economic and marketing information. All forms of cooperative economy should also be assisted. All cooperation forms between state enterprises with cooperatives and private business — ranging from piece work contracts, provision of raw materials and energy, and marketing of new products to the establishment of joint ventures, contribution to partnership, and purchasing of shares — should be developed.

C. About direct foreign investment: The main issue is that we have to review experiences gained in the past years and overcome our shortcomings to attract more foreign investment for national development. The number of foreign investment enterprises and representative offices will be increasing with every passing day. Therefore, we need to reassign the work and cooperation among different state management organs to legally encourage business investment activities. At the same time, these state organs must satisfactorily meet demands on services requested by foreign partners. These tasks will directly affect the amount of foreign investment.

Moreover, we need to accelerate training to improve the quality of our management and technical cadres and workers who work in joint ventures with foreign partners. The quality of these cadres plays a decisive role in ensuring the efficiency of the joint ventures, transferring technologies in production and management, and protecting national interests.



**Joint Ventures Needed in Cement Industry**

*BK0410135695 Hanoi VIETNAM ECONOMIC TIMES  
in English Sep 95 p 17*

[Report by Truong Van Khoi: "Relations Set in Stone"]

[FBIS Transcribed Text] Vietnam's cement market is growing at 20% per year and demand consistently outstrips supply, causing an annual rise in cement prices. But are there enough JVs [joint ventures] to meet the demand?

"To ensure 20 million [mln] tonnes of cement per year, we still encourage joint ventures in this industry. All these ventures will export part of their products to get foreign currencies to pay for their investment capital," said Construction Minister Ngo Xuan Loc in an interview with VIETNAM ECONOMIC TIMES.

Loc was in Kien Giang province at the ground-breaking ceremony of the Hon Chong Cement Plant, a \$310 million investment of Morning Star Company — a JV between Ha Tien Cement I and Holderbank Financiere Glaris of Switzerland. Minister Loc added that Morning Star would export 20% of its production.

New joint ventures will clearly be required but foreign investors may not have a very wide range of local partners to choose from to set up joint ventures.

According to one official from Vietnam National Cement Corporation, the equity arrangements need to change. "The government wants to increase the equity share of the Vietnam side in joint ventures," he said. "This would mean cement joint ventures in the future could only be with local partners capable of contributing 40% of the equity."

Despite the high risk and the large capital investment required, many foreign companies have expressed their interest in Vietnam's cement industry. There are four JVs already licensed with total capital investment of \$993 million. Thailand's Manager Group signed a memorandum of understanding [MOU] earlier this year to invest over \$600 million in the Lang Bang I cement plant in Quang Ninh. Holderbank is also planning a second investment project in Danang, with \$220 mln in investment capital. Lucky Cement Corp has a plan to invest \$265 million in a cement plant in Hai Hung. Chichibu-Onoda and ZIP of Japan just signed an MOU to invest \$250 million in a cement plant in Ha Tay. The Thai Bank for Agriculture and Thai Exim Bank have signed a loan of \$100 million for cement projects in Vietnam.

And the Nghi Son Cement Company recently threw a JV opening party in Hanoi. It expects to start construction of the \$347 million cement plant, to be located in Thanh

Hoa, by February 1996 and start production by the end of 1998.

Such massive investments are easily justified by looking at the market for cement. Demand from now to the year 2000 is expected to continue to grow at 20% per year and then eight to 10% from 2000 to 2005. In 1995, demand for cement reached 7.5 million tonnes, but local production could only supply 5.8 million.

This year's cement fever was unusually bad, as prices rose 200% to 300% and stalled construction projects around the country. Speculation, limited quotas on cement imports, distribution bottlenecks, and an increase in overall construction are some of the reasons for the dramatic price increase, and the prime minister has convened a special committee to study the problem.

According to other industry sources, in the best case scenario of expanded production of state companies and full production of existing joint ventures coming on line, Vietnam-based cement manufacturers will only produce about 15 million tonnes by the year 2000. If demand does reach 20 million tonnes, cement fever would only become worse as imports would have to increase to nearly five million tonnes by the year 2000 from current imports of about 1.8 million tonnes.

Due to the large capital investment needed for cement manufacturing, the policy of the equity share could limit the number of available partners for cement JVs. There are five major manufacturers of cement in Vietnam. Three are in the north (Hoang Thach, Bim Son and Hai Phong) and two in the south (Ha Tien I and Ha Tien II).

Ha Tien I contributes 35% of investment share in Morning Star, all in dong. "In this JV, the 65/35 capital ratio does not influence the mutual impacts on general issues. Here we have a 50/50 consensus," says Bruno Aerne, General Director of Morning Star Cement.

The Ministry of Construction introduced the Swiss company to Ha Tien I, one of Vietnam's largest cement manufacturers which, together with Ha Tien Cement II, supplies an estimated 90% of the local cement in southern Vietnam.

The partnership has proven successful so far, says Aerne. "We are lucky to have entered into a JV with them. They are not only capable people but also have good connections with the government. The Vietnamese people on the whole and our Vietnamese partner in particular are very careful in their decisions," he adds. "But they often beat about the bush whereas we don't want to waste time. Co-operation needs the harmony of the two different business cultures."



The joint venture will begin commercial production in November 1997 in a plant destined to be the most modern in Vietnam. Kien Giang province, the only province in the Mekong Delta that has limestone resources of over 400 million tonnes, will become the major cement industrial park in the south. The high-quality OPC [expansion unknown] cement will be processed in Kien Giang and then shipped to Cat Lai

on two 9,000 tonne barges. The cement will be loaded and unloaded by conveyor belt at a rate of 1,000 tonnes per hour.

"Our JV will reach international technology recognition and satisfy even the hardest standards for environmental protection," said Nguyen Ngoc Anh, deputy director of the joint venture.



**Forum Spokesman Views Relations With France**

*LD0510083395 Melbourne Radio Australia  
in English 0700 GMT 5 Oct 95*

[FBIS Transcribed Text] The South Pacific Forum says it's now up to France to make the next move in healing relations with the 16-member regional body. The Forum's decision to expel France from the group of eight regular dialogue partners was made at its recent meeting in Papua New Guinea, and followed the latest French nuclear test. Forum spokesman Alfred Sasako says the forum gave France full warning that it would act in the way it did if testing continued.

[Begin Sasako recording] We did not want France to get out of the post-forum dialogue, and therefore it is up to France to come back to us and, really what I am saying is that the ball is in their court. [end recording]

**Australia**

**Farmers Oppose Tokyo Agricultural Exclusion**

*BK0410161595 Melbourne Radio Australia  
in English 0100 GMT 5 Oct 95*

[FBIS Transcribed Text] There is a call for Australia to boycott the APEC [Asia Pacific Economic Cooperation Forum] summit in November if Japan persists in its proposal that agriculture be excluded from the free trade agreement.

Fiona Hederan reports the leaders of APEC's 18 member countries are due to meet in Osaka next month to discuss a comprehensive free trade agreement for the Asia Pacific region. Prime Minister Paul Keating last week warned that the APEC group faced paralysis if Japan, South Korea, Taiwan, and China excluded agriculture from trade liberalization. However, the Japanese prime minister wants a flexible enforcement of any free trade agreement enabling the exclusion of farm products. But the National Farmers Federation had labelled the move as shortsighted. The federation's Robert Hedler says any APEC trade agreement will not be worth the paper it is written on if the rural sector is removed. He believes Australia should only go to the Osaka talks next if agriculture is on the agenda.

[Begin Hedler recording] No, we have to draw a line in the sand and tell the Japanese that their proposals were not acceptable. [end recording]

**Fiji**

**Ruling Party To Abandon Multiracism**

*LD0510101095 Wellington Radio New Zealand  
International in English 0700 GMT 5 Oct 95*

[FBIS Transcribed Text] There has been a swift reaction by the opposition in Fiji to reports that the ruling Fijian

Political Party, the SVT [Soqosoqo ni Vakavulewa ni Taukei], plans to abandon the concept of multiracism. The plan is contained in a submission to the Constitution Review Commission which was leaked to the media. It calls for the adoption of an electoral system based on racial representation, so each group, including minorities, selects its own representatives.

The SVT also criticizes the country's ethnic Indians, saying they lack commitment to Fiji and are perceived to be always on the move to other countries where better opportunities are offered. Mahendra Chaudhary, who is the leader of the mainly Indian opposition Labor Party, says this sort of racial divisiveness can only harm Fiji's future prospects.

[Begin Chaudhary recording] All I can say is that it is very disgusting, assuming the report is correct. The whole nation will suffer as a result of this kind of irresponsible submission. We are talking about promoting investment here, creating more employment, and we have other goals, both economic and social. I think with this kind of irresponsible government in place, the country is doomed and one can only hope that the [ethnic] Fijian people themselves will realize what caliber of leaders they have in government and do something about it before it's too late for this country. [end recording]

Opposition Labor Party leader Mahendra Chaudhary. And the leader of the opposition Fijian Association party, Josefata Kamikamica, says it's sheer racism.

[Begin Kamikamica recording] The SVT submission is a shame to the Fijian people. It's a disgusting proposal. To us, it will take the clock back on multiracial relationships in Fiji. We have developed over the years a pool of goodwill amongst the races in Fiji and this proposal will destroy all that. [end recording]

The SVT won't comment officially until the Great Council of Chiefs has met.

[Melbourne Radio Australia in English at 0700 GMT on 5 October reports the following: "The ruling Fijian Political Party is calling for the concept of multiracialism as practised in Fiji since 1966 to be abandoned. The Suva DAILY POST says this will be part of the submission which the party will make to Fiji's Constitution Review Commission next week.

"According to the newspaper, the Fijian Party will recommend the adoption of an electoral system based on racial representation. On this basis, the party wants two-thirds of the members of the House of Representatives to be indigenous Fijians and Rotumans. The remaining one-third would comprise representatives of part-Fijians, Fiji Indians, Chinese, Europeans, and [other]



Pacific Islanders. The DAILY POST quotes the Fijian Political Party submission as saying that Indians lack commitment to the country and adding that Fijians do not trust them politically."]

### French Polynesia

#### Greenpeace To Send Another Vessel to Test Site

LD0510090795 Melbourne Radio Australia  
in English 0800 GMT 5 Oct 95

[FBIS Transcribed Text] The environmental group Greenpeace is preparing to send another protest vessel to the French nuclear testing sites in the South Pacific. South Pacific correspondent Erina Reddan reports the vessel, to set out from Papeete, will take about five days to join other boats remaining in the antinuclear flotilla.

[Reddan] Greenpeace says sending in the New Zealand Maid is a clear sign that it is determined to keep the pressure on France to stop nuclear testing. A New Zealand private citizen, John Tucker, offered his vessel until Greenpeace can get other boats to the nuclear testing sites of Mururoa and Fangataufa.

[Begin Tucker recording] It's not something that we look forward to doing — it's an upwind passage all the way from Papeete to Mururoa — but it's important that there's a boat there, so we are heading off this evening. [end recording]

[Reddan] Mr. Tucker and his family had earlier been part of the protest flotilla at the exclusion zone and returned home.

### New Zealand

#### France Refuses To Lift Ban on Nuclear Protestors

BK0410161795 Hong Kong AFP in English  
0314 GMT 5 Oct 95

[FBIS Transcribed Text] Wellington, Oct 5 (AFP) — France has declined to reconsider its ban on a charter flight carrying anti-nuclear protesters to Tahiti, French embassy spokesman Stefan Casteran said Thursday.

He confirmed the embassy had passed on a request from Prime Minister Jim Bolger asking French authorities to reconsider the ban.

Bolger told Radio New Zealand he understood his request went to French Prime Minister Alain Juppe before it was turned down.

A Kiwi International Boeing 727, chartered by a women's protest group, was due to leave Auckland for Tahiti Thursday with about 140 women on board, but the airline received a notice from French aviation authorities Wednesday withdrawing landing rights.

Bolger told Parliament Wednesday he had instructed foreign affairs staff to ask French authorities to reconsider the decision. He described the French decision as an "over-reaction" and "unnecessarily defensive".

Bolger said Thursday he believed Paris had given serious consideration to his request.

"It may have gone to the prime minister to reconsider but unfortunately, and I do think it is unfortunate, they have not lifted the bar."

The women's group, led by Auckland Anglican priest Ann Batten, wanted to make a peaceful protest against French nuclear testing in the South Pacific, and had planned to return to Auckland within 36 hours.

Batten said she understands that the identified leaders of the women's group would also not be allowed into Tahiti on a regular flight.

"We are outraged because that is an interference with our democratic rights and a grave insult to us, and to the people of New Zealand," she said.

### Papua New Guinea

#### Bougainville Secessionist Appeals for Peace

LD0510120795 Melbourne Radio Australia  
in English 0700 GMT 5 Oct 95

[FBIS Transcribed Text] The self-styled Bougainville Interim Government has appealed to all sides in the Bougainville rebellion to stop fighting and allow the negotiation process time to resolve issues affecting the people of the island. The appeal was made in a statement issued by Interim Government spokesman Mike Forster.

Mr. Forster said the war in Bougainville would not be over until all sides reached a committed understanding and there was a properly negotiated settlement. He said he expected a second round of talks on the future of Bougainville to take place in the near future. The first round was held in the northeast Australian city of Cairns last month. Mr. Forster said there had been a number of cease-fire and human rights violations by both sides since the Cairns meeting. He appealed to the security forces and the rebels to refrain from any action which would impede the peace process. [Wellington Radio New Zealand International in English at 0700 GMT on 5 October broadcasts a report on the situation in Bougainville which quotes a Papua-New Guinea government spokesman as saying that "Fighting on the Papua-New Guinea island of Bougainville has intensified, with one soldier and two separatists rebels killed this week. A government spokesman made the comment



after a week of incidents which have exacerbated tensions raised since the collapse in July of a government-initiated peace initiative."

The reports adds that Bougainville Revolutionary Army, BRA, spokesman "Martin Miriori, based in Solomon

Islands, says he remains optimistic that the latest violence will not hamper the progress of peace. The Papua-New Guinea Government and BRA representatives are preparing for further peace talks, in about three weeks."]